

JONES COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2016

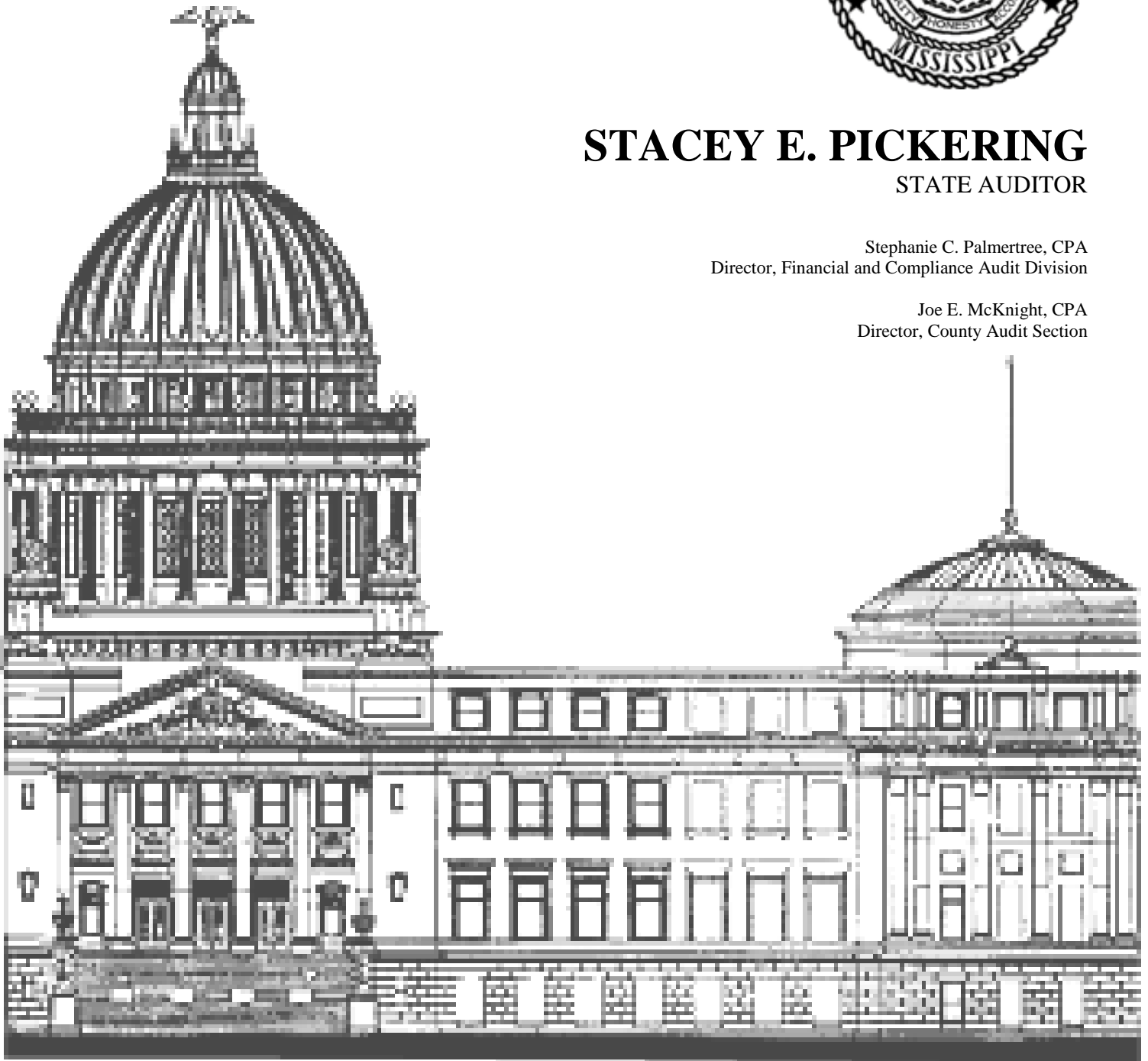


STACEY E. PICKERING

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

February 2, 2018

Members of the Board of Supervisors
Jones County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Jones County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Jones County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Jones County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

JONES COUNTY

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JONES COUNTY

FINANCIAL SECTION

JONES COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jones 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 Jones 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 Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units-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 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 units 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 Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Jones County, Mississippi, as of September 30, 2016, or the 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 General Fund

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable or the aging of these fines receivable for the Circuit Court. Adequate subsidiary records were not maintained and preserved for the Circuit Court fines receivable aging schedules at September 30, 2016. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported in the General Fund at \$1,996,679, as of September 30, 2016. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

Qualified Opinion

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

Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and Garbage Fund

As discussed in Note 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, the business-type activities, and the Garbage Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, the business-type activities and the Garbage Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, the business-type activities and the Garbage Fund is not reasonably determinable.

Qualified Opinion

In our opinion except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and the Garbage Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and the Garbage Fund of Jones County, Mississippi, as of September 30, 2016, and the change 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 Howard Industries Fund, the Countywide Bond and Interest Sinking Fund and the aggregate remaining fund information of Jones 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions 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.

Omission of Required Supplementary Information

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

Supplementary and Other Information

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 February 2, 2018 on our consideration of Jones 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 Jones County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 2, 2018

JONES COUNTY

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JONES COUNTY

FINANCIAL STATEMENTS

JONES COUNTY

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JONES COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 14,372,775	89,523	14,462,298
Property tax receivable	18,098,139		18,098,139
Accounts receivable (net of allowance for uncollectibles of \$1,839,832)		237,476	237,476
Fines receivable (net of allowance for uncollectibles of \$5,986,566)	1,996,679		1,996,679
Loans receivable (net of allowance for uncollectibles of \$227,099)	300,000		300,000
Capital leases receivable	8,800,000		8,800,000
Intergovernmental receivables	504,711		504,711
Internal balances	71,182	(71,182)	
Capital assets:			
Land and construction in progress	1,046,279	30,000	1,076,279
Other capital assets, net	85,564,607	699,549	86,264,156
Total Assets	<u>130,754,372</u>	<u>985,366</u>	<u>131,739,738</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	7,807,358	474,322	8,281,680
Deferred amount on refunding	34,758		34,758
Total Deferred Outflows of Resources	<u>7,842,116</u>	<u>474,322</u>	<u>8,316,438</u>
LIABILITIES			
Claims payable	1,363,086	66,301	1,429,387
Intergovernmental payables	728,777		728,777
Accrued interest payable	630,374	6,866	637,240
Unearned revenue		177,953	177,953
Amounts held in custody for others	260,184		260,184
Long-term liabilities			
Net pension liability	35,698,499	2,196,253	37,894,752
Due within one year:			
Capital debt	5,597,436	227,815	5,825,251
Non-capital debt	1,443,587		1,443,587
Due in more than one year:			
Capital debt	48,465,714	512,862	48,978,576
Non-capital debt	12,372,862	39,786	12,412,648
Total Liabilities	<u>106,560,519</u>	<u>3,227,836</u>	<u>109,788,355</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues - property taxes	18,098,139		18,098,139
Total Deferred Inflows of Resources	<u>18,098,139</u>	<u>0</u>	<u>18,098,139</u>
NET POSITION			
Net investment in capital assets	32,582,494	(11,128)	32,571,366
Restricted for:			
Expendable:			
General government	96,987		96,987
Public safety	1,958,179		1,958,179
Public works	9,461,323		9,461,323
Culture and recreation	10,356		10,356
Unemployment compensation	133,081		133,081
Unrestricted	(30,304,590)	(1,757,020)	(32,061,610)
Total Net Position	<u>\$ 13,937,830</u>	<u>(1,768,148)</u>	<u>12,169,682</u>

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

JONES COUNTY
Statement of Activities
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,992,739	1,276,960	468,033		(7,247,746)		(7,247,746)
Public safety	9,986,127	2,660,943	1,329,597	26,344	(5,969,243)		(5,969,243)
Public works	9,349,331		1,855,245	147,380	(7,346,706)		(7,346,706)
Health and welfare	1,380,075		325,082		(1,054,993)		(1,054,993)
Culture and recreation	919,523				(919,523)		(919,523)
Education	114,625		39,802		(74,823)		(74,823)
Conservation of natural resources	119,434				(119,434)		(119,434)
Economic development and assistance	222,873		2,500		(220,373)		(220,373)
Interest on long-term debt	1,808,947				(1,808,947)		(1,808,947)
Bond issuance costs	190,750				(190,750)		(190,750)
Pension expense	5,402,159				(5,402,159)		(5,402,159)
Total Governmental Activities	<u>38,486,583</u>	<u>3,937,903</u>	<u>4,020,259</u>	<u>173,724</u>	<u>(30,354,697)</u>		<u>(30,354,697)</u>
Business-type activities:							
Solid waste	<u>2,375,481</u>	<u>2,168,217</u>				(207,264)	(207,264)
Total Business-type Activities	<u>2,375,481</u>	<u>2,168,217</u>				(207,264)	(207,264)
Total Primary Government	<u>\$ 40,862,064</u>	<u>6,106,120</u>	<u>4,020,259</u>	<u>173,724</u>	<u>(30,354,697)</u>	<u>(207,264)</u>	<u>(30,561,961)</u>
General revenues:							
Property taxes					\$ 21,865,639		21,865,639
Road & bridge privilege taxes					826,033		826,033
Grants and contributions not restricted to specific programs					1,792,910		1,792,910
Unrestricted interest income					27,320		27,320
Rental income					997,043		997,043
Miscellaneous					1,731,481	7,928	1,739,409
Total General Revenues					<u>27,240,426</u>	<u>7,928</u>	<u>27,248,354</u>
Changes in Net Position					<u>(3,114,271)</u>	<u>(199,336)</u>	<u>(3,313,607)</u>
Net Position - Beginning					<u>17,052,101</u>	<u>(1,568,812)</u>	<u>15,483,289</u>
Net Position - Ending					<u>\$ 13,937,830</u>	<u>(1,768,148)</u>	<u>12,169,682</u>

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

JONES COUNTY
Balance Sheet - Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds				
	General Fund	Howard Industries Fund	Countywide Bond & Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,972,076			12,400,699	14,372,775
Property tax receivable	11,402,912		3,031,158	3,664,069	18,098,139
Fines receivable (net of allowance for uncollectibles of \$5,986,566)	1,996,679				1,996,679
Loans receivable (net of allowance for uncollectibles of \$227,099)		300,000			300,000
Capital leases receivable		8,800,000			8,800,000
Intergovernmental receivables	405,643			99,068	504,711
Due from other funds	25,284		61,041	200,522	286,847
Advances to other funds	48,333			446,000	494,333
Total Assets	\$ 15,850,927	9,100,000	3,092,199	16,810,358	44,853,484
LIABILITIES					
Liabilities:					
Claims payable	\$ 283,229			1,079,857	1,363,086
Intergovernmental payables	689,599				689,599
Due to other funds	300,741				300,741
Advances from other funds				448,435	448,435
Amounts held in custody for others	260,184				260,184
Total Liabilities	\$ 1,533,753	0	0	1,528,292	3,062,045
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	11,402,912		3,031,158	3,664,069	18,098,139
Unavailable revenue - capital lease receivable		8,800,000			8,800,000
Unavailable revenue - fines	1,996,679				1,996,679
Total Deferred Inflows of Resources	\$ 13,399,591	8,800,000	3,031,158	3,664,069	28,894,818
Fund balances:					
Nonspendable:					
Advances	48,333				48,333
Loans receivable		300,000			300,000
Restricted for:					
General government				96,987	96,987
Public safety				1,958,179	1,958,179
Public works				9,461,323	9,461,323
Culture and recreation				10,356	10,356
Debt service			61,041		61,041
Unemployment compensation				133,081	133,081
Committed to:					
General government				102,652	102,652
Public safety				45,082	45,082
Culture and recreation				49,303	49,303
Assigned to:					
Public safety				194,742	194,742
Unassigned	869,250			(433,708)	435,542
Total Fund Balances	\$ 917,583	300,000	61,041	11,617,997	12,896,621
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,850,927	9,100,000	3,092,199	16,810,358	44,853,484

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

JONES COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 12,896,621
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 \$127,453,433.	86,610,886
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,996,679
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(67,879,599)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(35,698,499)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(630,374)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	8,800,000
Deferred amount on refunding	34,758
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	<u>7,807,358</u>
Total Net Position - Governmental Activities	\$ <u><u>13,937,830</u></u>

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

JONES COUNTY

Exhibit 4

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

	Major Funds				
	General	Howard	Countywide	Other	Total
	Fund	Industries	Bond & Interest Sinking	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 13,353,265		3,761,418	4,750,956	21,865,639
Road and bridge privilege taxes				826,033	826,033
Licenses, commissions and other revenue	710,244			31,225	741,469
Fines and forfeitures	534,248			1,551,424	2,085,672
Rental income	183,680		813,363		997,043
Intergovernmental revenues	1,560,503		6,835	4,419,555	5,986,893
Charges for services	309,250			680,623	989,873
Interest income	13,453			13,867	27,320
Miscellaneous revenues	1,108,427			623,054	1,731,481
Total Revenues	17,773,070	0	4,581,616	12,896,737	35,251,423
EXPENDITURES					
Current:					
General government	8,433,664			1,230,827	9,664,491
Public safety	6,446,995			3,814,326	10,261,321
Public works	260,624			10,415,869	10,676,493
Health and welfare	1,154,464				1,154,464
Culture and recreation	144,134			688,894	833,028
Education	114,625				114,625
Conservation of natural resources	128,009				128,009
Economic development and assistance	222,873				222,873
Debt service:					
Principal	94,276	1,150,000	3,501,232	2,925,906	7,671,414
Interest	6,122		1,210,731	534,579	1,751,432
Bond issue costs				190,750	190,750
Total Expenditures	17,005,786	1,150,000	4,711,963	19,801,151	42,668,900
Excess of Revenues over (under) Expenditures	767,284	(1,150,000)	(130,347)	(6,904,414)	(7,417,477)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				9,166,111	9,166,111
Proceeds from sale of capital assets				720,490	720,490
Transfers in	937,722			2,734,188	3,671,910
Transfers out	(1,112,889)			(2,559,021)	(3,671,910)
Lease principal payments		1,000,000			1,000,000
Total Other Financing Sources and Uses	(175,167)	1,000,000	0	10,061,768	10,886,601
Net Changes in Fund Balances	592,117	(150,000)	(130,347)	3,157,354	3,469,124
Fund Balances - Beginning	325,466	450,000	191,388	8,460,643	9,427,497
Fund Balances - Ending	\$ 917,583	300,000	61,041	11,617,997	12,896,621

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

JONES COUNTY

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,469,124
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 \$3,578,165 exceeded depreciation of \$3,577,364 in the current period.	801
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$90,097 and the proceeds from the sale of \$720,490 in the current period.	(810,587)
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.	120,889
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 proceeds of \$9,166,111 exceeded debt repayments of \$7,671,414.	(1,494,697)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(2,940)
The amount of increase in accrued interest payable	(59,566)
The amortization of general obligation bond premium	27,736
The amortization of general obligation bond discount	(8,307)
The amortization of deferred refunding charges	(17,378)
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 change in fund balances by the principal collections on the capital leases.	(1,000,000)
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	(5,402,159)
Recording of contributions made during the fiscal year	<u>2,062,813</u>
Change in Net Position of Governmental Activities	\$ <u><u>(3,114,271)</u></u>

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

JONES COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2016

Exhibit 5

	Business-type Activities - Enterprise Fund
	Solid Waste
ASSETS	
Current assets:	
Cash	\$ 89,523
Accounts receivable (net of allowance for uncollectibles of \$1,839,832)	237,476
Total Current Assets	326,999
Noncurrent assets:	
Capital assets:	
Land and construction in progress	30,000
Other capital assets, net	699,549
Total Noncurrent Assets	729,549
Total Assets	1,056,548
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	474,322
Total Deferred Outflows of Resources	474,322
LIABILITIES	
Current liabilities:	
Claims payable	66,301
Due to other funds	25,284
Advances from other funds	45,898
Accrued interest payable	6,866
Unearned revenue	177,953
Capital debt:	
Capital leases payable	227,815
Total Current Liabilities	550,117
Noncurrent liabilities:	
Net pension liability	2,196,253
Capital debt:	
Capital leases payable	512,862
Non-capital debt:	
Compensated absences payable	39,786
Total Noncurrent Liabilities	2,748,901
Total Liabilities	3,299,018
NET POSITION	
Net investment in capital assets	(11,128)
Restricted for:	
Public works	(1,757,020)
Total Net Position	\$ (1,768,148)

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

JONES COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Fund
	Solid Waste
Operating Revenues	
Charges for services	\$ 2,168,217
Miscellaneous	7,928
Total Operating Revenues	<u>2,176,145</u>
Operating Expenses	
Personal services	1,104,426
Contractual services	608,349
Materials and supplies	120,789
Depreciation expense	188,947
Indirect administrative cost	25,284
Pension expense	310,385
Total Operating Expenses	<u>2,358,180</u>
Operating Income (Loss)	<u>(182,035)</u>
Nonoperating Revenues (Expenses)	
Gain (loss) on sale of capital assets	(4,542)
Interest expense	<u>(12,759)</u>
Net Nonoperating Revenue (Expenses)	<u>(17,301)</u>
Changes in Net Position	<u>(199,336)</u>
Net Position - Beginning	<u>(1,568,812)</u>
Net Position - Ending	<u>\$ (1,768,148)</u>

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

JONES COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2016

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,223,781
Payments to suppliers	(760,957)
Payments to employees	(1,222,768)
Other operating cash receipts	7,928
Net Cash Provided (Used) by Operating Activities	<u>247,984</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	507,693
Proceeds from sale of capital assets	173,750
Acquisition and construction of capital assets	(507,693)
Principal paid on long-term debt	(358,204)
Interest paid on debt	(10,786)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(195,240)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	52,744
Cash and Cash Equivalents at Beginning of Year	<u>36,779</u>
Cash and Cash Equivalents at End of Year	<u>\$ 89,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (182,035)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	188,947
Provision for uncollectible accounts	203,129
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(150,057)
Increase (decrease) in claims payable	(38,563)
Increase (decrease) in pension liability and deferred outflows (net)	191,864
Increase (decrease) in compensated absences liability	6,923
Increase (decrease) in unearned revenue	2,492
Increase (decrease) in interfund payables	25,284
Total Adjustments	<u>430,019</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 247,984</u>

Noncash Capital Financing Activity:

Jones County lease purchased mobile equipment for \$507,693 for 4 years at 1.64% interest.
No principal payments were made on the lease during the year.

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

JONES COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 478,453
Due from other funds	<u>39,178</u>
Total Assets	<u>\$ 517,631</u>
LIABILITIES	
Amounts held in custody for others	\$ 303,144
Intergovernmental payables	<u>214,487</u>
Total Liabilities	<u>\$ 517,631</u>

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

JONES COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Jones 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 Jones County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

- South Central Regional Medical Center
- West Jones Fire Protection District
- Sharon-Shady Grove Fire Protection District
- Northeast Jones Fire Protection District
- South Jones Fire Protection District

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

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

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, 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 nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants

JONES COUNTY

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

and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. 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.

C. 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.

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.

Howard Industries Fund - This fund is used to account for loan and lease payments received from Howard Industries, Inc., which are used for the payment of related bond principal and interest.

Countywide Bond and Interest Sinking Fund - This fund is used to account for retirement of long-term debt of the County.

The County reports the following major Enterprise Fund:

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

JONES COUNTY

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. 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

JONES COUNTY

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

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.”

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, 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. Jones 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:

	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.

I. 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

JONES COUNTY

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

of resources (expense/expenditure) until then.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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.

Unavailable revenue – capital lease – 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.

J. 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.

K. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

JONES COUNTY

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

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County’s highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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

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

JONES COUNTY

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

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

Fund Balance Flow Assumption:

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

M. 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.

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

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

JONES COUNTY

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

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$14,940,751, and the bank balance was \$15,942,038. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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. 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). 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.

(3) 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	Garbage Fund	\$ 25,284
Countywide Bond & Interest Sinking Fund	General Fund	61,041
Other Governmental Funds	General Fund	200,522
Agency Funds	General Fund	39,178
Total		<u>\$ 326,025</u>

The receivables represent the tax revenue collected in September 2016, but not settled until October, 2016, and indirect cost from Solid Waste Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Garbage Fund	\$ 45,898
General Fund	Other Governmental Funds	2,435
Other Governmental Funds	Other Governmental Funds	446,000
Total		<u>\$ 494,333</u>

The advances represent interfund loans relating to indirect cost associated with solid waste operations, errors in posting revenue during prior years, short-term loans, and an interfund loan relating to reimbursable grant funds. The advances are not expected to be repaid within one year from the date of the financial statements.

JONES COUNTY

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

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 937,722
Other Governmental Funds	General Fund	1,112,889
Other Governmental Funds	Other Governmental Funds	<u>1,621,299</u>
Total		\$ <u>3,671,910</u>

The principal purpose of interfund transfers was to provide funds to pay for operating costs. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 386,582
HIDTA grant	3,171
County court judge salary reimbursement	3,273
Youth court reimbursement	4,870
Welfare office reimbursement	7,747
Training reimbursement	4,537
Drug court reimbursement	10,454
Emergency management performance grant	53,284
FEMA grant	<u>30,793</u>
Total Governmental Activities	\$ <u>504,711</u>

(5) Loans Receivable.

Loans receivable balances at September 30, 2016, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Debar Construction CDBG Loan	05/01/1995	5.25%	07/01/2006	\$ 27,003
Debar Construction CDBG Loan	09/30/1998	5.50%	09/30/2009	200,096
Howard Industries MBIA Loan	12/01/1998	N/A	12/01/2018	<u>300,000</u>
Total				527,099
Less: Allowance for doubtful accounts*				<u>(227,099)</u>
Net Loans Receivable				\$ <u>300,000</u>

*The two Debar Construction CDBG loans receivables were determined to be uncollectible in fiscal year 2011.

JONES COUNTY

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
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,046,279				1,046,279
Construction in progress	201,854			(201,854)	-
Total non-depreciable capital assets	1,248,133	-	-	(201,854)	1,046,279
<u>Depreciable capital assets:</u>					
Infrastructure	150,500,860	1,318,482		201,854	152,021,196
Buildings	29,741,081				29,741,081
Improvements other than buildings	45,257				45,257
Mobile equipment	14,624,847	894,188	972,815	981,705	15,527,925
Furniture and equipment	3,400,644	249,984	122,494		3,528,134
Leased property under capital leases	12,957,229	1,115,511	936,588	(981,705)	12,154,447
Total depreciable capital assets	211,269,918	3,578,165	2,031,897	201,854	213,018,040
<u>Less accumulated depreciation for:</u>					
Infrastructure	100,316,056	620,452			100,936,508
Buildings	7,577,152	559,555			8,136,707
Improvements other than buildings	7,241	1,810			9,051
Mobile equipment	10,617,302	654,736	616,391	445,075	11,100,722
Furniture and equipment	2,732,764	133,053	108,931		2,756,886
Leased property under capital leases	3,846,864	1,607,758	495,988	(445,075)	4,513,559
Total accumulated depreciation	125,097,379	3,577,364	1,221,310	-	127,453,433
Total depreciable capital assets, net	86,172,539	801	810,587	201,854	85,564,607
Governmental activities capital assets, net	\$ 87,420,672	801	810,587	-	86,610,886

JONES COUNTY

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
Non-depreciable capital assets:					
Land	\$ 30,000				30,000
Total non-depreciable capital assets	30,000	-	-	-	30,000
Depreciable capital assets:					
Buildings	60,380				60,380
Mobile equipment	296,817			16,506	313,323
Furniture and equipment	8,749				8,749
Leased property under capital leases	770,382	507,693	278,582	(16,506)	982,987
Total depreciable capital assets	1,136,328	507,693	278,582	-	1,365,439
Less accumulated depreciation for:					
Buildings	2,416	1,208			3,624
Mobile equipment	259,305	10,801		11,884	281,990
Furniture and equipment	7,874				7,874
Leased property under capital leases	307,638	176,938	100,290	(11,884)	372,402
Total accumulated depreciation	577,233	188,947	100,290	-	665,890
Total depreciable capital assets, net	559,095	318,746	178,292	-	699,549
Business-type activities capital assets, net	\$ 589,095	318,746	178,292	-	729,549

*Adjustments to capital assets were for transfers of completed capital leases and construction in progress to the proper classification.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 172,376
Public safety	1,081,957
Public works	1,958,483
Health and welfare	239,934
Culture and recreation	124,614
Total governmental activities depreciation expense	\$ 3,577,364

	Amount
Business-type activities:	
Solid waste	\$ 188,947

(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 January 1, 2016,

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 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 April 21, 2011, Jones County entered into a non-cancellable operating lease agreement with South Central Regional Medical Center for the lease of Jones County Rest Home owned by the County for the purpose of operation of the home and to provide care for its residents. The operating lease stipulated that the lease would pay approximately \$14,640 per month in lease payments commencing January 1, 2011 for a term of 20 years. Also, it stated additional debt service rental payments for the amount of principal and interest associated with the \$5,800,000 Special Obligation Bonds, Series 2011 and \$4,335,000 Special Obligation Bonds, Series 2012.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$989,042 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2017	\$ 987,742
2018	984,967
2019	984,517
2020	984,617
2021	988,324
2022 - 2026	4,940,619
2027 - 2031	<u>4,931,475</u>
Total Minimum Payments Required	<u>\$ 14,802,261</u>

(9) Capital Leases.

As Lessor:

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

<u>Classes of Property</u>	<u>Amount</u>
Industrial Facilities for Howard Industries	\$ 5,600,000
Industrial Facilities for Howard Industries	<u>3,200,000</u>
Total	<u>\$ 8,800,000</u>

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

JONES COUNTY

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

<u>Year Ending September 30</u>		<u>Principal</u>
2017	\$	1,000,000
2018		1,000,000
2019		1,000,000
2020		1,000,000
2021		1,000,000
2022 - 2026		<u>3,800,000</u>
Total	\$	<u>8,800,000</u>

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type</u>
Buildings	\$ 2,906,801	
Mobile equipment	6,645,238	982,987
Furniture and equipment	<u>2,602,408</u>	
Total	12,154,447	982,987
Less: Accumulated depreciation	<u>(4,513,559)</u>	<u>(372,402)</u>
Leased Property Under Capital Leases	<u>\$ 7,640,888</u>	<u>610,585</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,671,023	441,741	227,815	12,945
2018	2,659,253	375,445	167,963	8,797
2019	1,543,707	309,763	125,896	5,789
2020	1,107,677	263,497	219,003	
2021	839,445	226,661		
2022 - 2026	4,711,126	619,409		
2027-2031	<u>307,916</u>	<u>11,600</u>		
Total	<u>\$ 13,840,147</u>	<u>2,248,116</u>	<u>740,677</u>	<u>27,531</u>

(10) Other Postemployment Benefits.

Plan Description

The Jones County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Jones County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. The County has not recorded a liability for other postemployment benefits nor

JONES COUNTY

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

has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Jones 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. At September 30, 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 \$2,181,330, \$2,033,271 and \$2,003,979, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the County reported a liability of \$37,894,752 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 0.212147 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.007048 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.

JONES COUNTY

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

For the year ended September 30, 2016, the County recognized pension expense of \$5,712,544. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 625,142
Net difference between projected and actual earnings on pension plan investments	2,994,477
Changes of assumptions	(100,698)
Remaining balance of prior years	3,447,369
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	755,706
County contributions subsequent to the measurement date	559,684
Total	\$ 8,281,680

\$559,684 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 September 30:

2017	\$ 2,923,969
2018	2,589,257
2019	1,460,150
2020	748,620
Total	\$ 7,721,996

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

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

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

The actuarial assumptions used in the June 30, 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.

JONES COUNTY

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

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	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 0.25 percentage points since the prior measurement date. 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 to 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 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%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 48,589,568	37,894,752	29,021,521

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

(12) Long-term Debt.

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

JONES COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
MBIA bonds for Tech Park	\$ 1,585,000	3.00%	03/2021
Series 2009(A) bond	3,080,000	3.00/4.00%	09/2021
Series 2009(B) bond	3,265,000	5.50/6.10%	09/2024
MBIA bonds for Howard Industries	300,000	0.00%	06/2018
MBIA bonds for Tech Park	5,600,000	0.00%	11/2023
MBIA bonds for Tech Park	3,200,000	0.00%	04/2025
Series 2010 Construction Bond	2,175,000	2.50/3.50%	12/2025
Series 2012 Road Bond	1,935,000	2.00%	06/2027
Series 2012 Refunding Bond	1,010,000	2.00%	10/2018
2013 Road Bond	5,005,000	2.00%	05/2028
2014 Road Bond	6,260,000	1.87/2.50%	06/2029
Series 2015 Refunding Bond	2,740,000	2.00%	06/2023
Series 2016 Bond	<u>8,000,000</u>	2.25%	09/2031
Total General Obligation Bonds	\$ <u>44,155,000</u>		
B. Limited Obligation Bonds:			
Series 2011 Bond - Co. Rest Home	\$ 5,100,000	2.50/5.50%	04/2031
Series 2011 Bond - Co. Rest Home	<u>3,735,000</u>	2.50/3.50%	04/2031
Total Limited Obligation Bonds	\$ <u>8,835,000</u>		
C. Capital Leases:			
2006 Ford rescue truck	\$ 8,960	4.24%	06/2017
Five position CC 5500 consoles	154,416	3.26%	01/2018
E911 Dispatching workstation	94,845	2.83%	06/2019
DHS Building	2,001,747	3.89%	04/2026
2013 Ford trucks	11,079	1.82%	09/2017
Lee Boy force feeder loader	43,454	1.89%	03/2017
2013 Dodge Ram 1500 truck	6,109	1.93%	04/2017
(6) 2013 John Deere tractors with boom & side mowers	168,465	1.67%	09/2017
2012 Mack tandem dump truck & Vermeer wood chipper	40,066	1.89%	03/2017
2000 Sterling pot hole patcher	10,294	1.97%	04/2017
2013 Mack dump truck with ox body	64,899	1.87%	10/2016
2013 Kubota tractor with diamond boom	28,770	1.67%	09/2017
2005 Caterpillar tractor with side boom	12,794	1.82%	09/2017
2013 Kubota diesel tractor with diamond boom	56,656	1.67%	10/2017
(3) Kubota tractors with boom	61,627	1.68%	06/2017

JONES COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
2013 Caterpillar backhoe	70,236	1.91%	10/2017
2005 Sterling pull truck	12,692	1.82%	09/2017
2003 Sterling pot hole patcher	12,858	2.19%	05/2017
Caterpillar mini excavator	12,769	1.97%	11/2016
2006 Chevrolet C6500 dump truck	10,495	2.09%	06/2017
2006 Chevrolet bucket truck & 2007 Chevrolet dump truck	24,475	2.04%	07/2017
IBM Mainframe computer	74,336	1.95%	02/2018
(19) 2014 Ford Taurus	281,416	1.66%	11/2017
(5) 2014 Ford Taurus & 2014 Chevrolet Tahoe	80,993	1.95%	02/2018
(30) In-car Cameras with software	73,817	1.87%	03/2018
(5) 2014 Ford F150 & 2014 Ford F350	139,707	1.89%	06/2018
2015 Chevrolet Tahoe	19,826	1.94%	07/2018
2005 Chevrolet C7500 & 2005 Ford 450	23,604	1.90%	01/2017
2013 Kubota tractor with 2015 Diamond mower	38,128	1.74%	11/2017
2014 Mack truck	64,366	1.61%	12/2016
2013 Superior sweeper	18,562	1.74%	01/2018
Kubota 4WD Diesel tractor	20,196	1.89%	05/2018
2014 Ford F150 truck	13,375	1.89%	05/2018
2015 Mack truck with Pac-Mac loader	89,841	1.89%	06/2018
2005 International 8600 Pull truck	6,394	1.82%	02/2017
2002 International dump truck & 2005 Bush hog	20,666	1.90%	01/2017
2013 Superior sweeper	18,599	1.95%	02/2018
2005 Ford F750 Pot Hole Patch Truck	25,471	2.32%	04/2018
(3) Scag Zero Turn mowers	9,594	1.66%	11/2017
2006 Freightliner truck	24,916	2.57%	05/2017
Radio equipment	6,912,863	3.87%	03/2027
2015 Ford F150 Truck, (3) 2015 Ford Taurus, & 2015 Chevy SUV	143,132	1.90%	08/2019
E911 CAD System	134,876	2.06%	03/2019
Network computer system	8,237	2.06%	05/2019
2006 Freightliner M2 truck	17,408	1.85%	01/2017
2000 Sterling 7500 truck	37,547	2.32%	02/2019
(2) John Deere 75G excavators	174,569	1.84%	02/2018
2004 Ford F450 truck	31,548	2.75%	04/2019
2003 Ford F750 pot hole patcher	37,606	2.65%	04/2019
Caterpillar 140H motor grader	111,055	2.07%	07/2019
2004 GMC 3500 truck & 1997 Eagle 10 ton trailer	24,845	2.29%	07/2019
2014 Mack GU432 dump truck	80,964	1.84%	01/2018
2006 Freightliner Columbia truck, 2010 Chevy 2500 truck, & GMC SLT 2500 truck	73,704	2.05%	01/2018
2004 Ty Crop MH 400	19,722	2.32%	02/2019
John Deere 210 GLC excavator	167,633	2.04%	04/2016

JONES COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Fifth Wheel Tilt trailer	20,840	2.12%	04/2019
2016 Mack CHU613 truck	92,018	2.07%	06/2019
2015 John Deere 310EL backhoe loader	73,700	1.75%	09/2018
Caterpillar Excavator and Shovel	187,893	1.84%	01/2018
2003 John Deere 6420 tractor & 2004 Bushhog	37,796	2.65%	02/2019
2005 CAT 14HC Motor Grader	110,058	2.59%	04/2019
2005 CAT MT525B Challenger tractor	37,829	2.59%	05/2019
CAT D6K2 CAHD tractor	148,952	1.85%	08/2018
2006 International 4400 dump truck	37,728	2.06%	09/2019
(2) Exmark mowers	22,250	1.94%	12/2019
E911 computer system	15,313	2.09%	03/2020
Used Bandit 1890 HD	47,850	2.01%	01/2020
2006 Ford truck & 2006 Chevy truck	49,600	2.39%	10/2019
John Deere 60G compact excavator	70,900	1.78%	08/2020
(2) Kubota tractors	129,670	1.62%	07/2020
John Deere 210G excavator	182,800	1.78%	08/2020
Used 2009 Ford F150 XL	22,000	2.30%	03/2020
John Deere 329E compact track loader	65,894	1.79%	05/2020
John Deere 60G compact excavator	70,900	1.78%	08/2020
Used 2008 Challenger model MT-465-B	78,500	2.04%	11/2019
Kubota M6-111DTC Tractor - Landpride Cutter	82,264	1.62%	07/2020
Lee Boy motor grader	154,420	1.78%	08/2020
Used 2009 Challenger model MT-465-B	79,750	2.04%	11/2019
John Deere 310SL backhoe loader	94,000	1.78%	08/2020
Total Capital Leases	\$ <u>13,840,147</u>		
D. Other Loans:			
MS Development Authority - Debar*	27,003	5.50%	07/2006
MS Development Authority - Debar*	<u>200,096</u>	5.50%	07/2010
Total Other Loans	\$ <u>227,099</u>		

*The possibility exists that Jones County may not have to repay these two Debar because they have made a good faith effort to collect after bankruptcy of Debar Construction, Inc. Currently a judgement has been issued in favor of the County to have Debar repay the loans. No funds have been received as of the current date.

JONES COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Capital Leases:			
(2) 2013 Freightliner trucks	\$ 62,802	1.89%	03/2017
2014 Freightliner truck	62,113	1.74%	11/2017
2004 GMC T7500 truck	25,522	2.32%	04/2018
2013 Ford F650 with Pacmac Knuckle Boom	65,173	2.08%	03/2019
2015 Ford F250 Truck with liftgate	17,374	2.19%	03/2019
(3) 2017 Western Star garbage trucks	507,693	1.64%	04/2019
Total Capital Leases	\$ 740,677		

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		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 3,915,000	854,683	455,000	357,063
2018	4,095,000	780,632	465,000	344,288
2019	4,040,000	702,870	480,000	328,837
2020	4,085,000	626,114	495,000	313,937
2021	4,165,000	543,995	515,000	297,644
2022-2026	17,480,000	1,591,356	2,880,000	1,182,219
2027-2031	6,375,000	349,669	3,545,000	508,075
Total	44,155,000	5,449,319	8,835,000	3,332,063

Year Ending September 30	Other Loans	
	Principal	Interest
2017	\$ 227,099	23,351
Total	\$ 227,099	23,351

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 8.48% of the latest property assessments.

JONES COUNTY

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

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	Adjustments	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 803,781	2,940	-	-	806,721	-
General obligation bonds	40,200,000	8,000,000	4,045,000		44,155,000	3,915,000
Add:						
Premiums	128,775		27,736		101,039	
Special obligation bonds	9,280,000		445,000		8,835,000	455,000
Less:						
Discounts	(93,714)		(8,307)		(85,407)	
Capital leases	15,855,450	1,166,111	3,181,414		13,840,147	2,671,023
Other loans	227,099	-	-	-	227,099	-
Total	\$ 66,401,391	9,169,051	7,690,843	-	67,879,599	7,041,023

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 32,863	6,923	-	-	39,786	-
Capital leases	591,188	507,693	358,204		740,677	227,815
Total	\$ 624,051	514,616	358,204	-	780,463	227,815

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.

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2016:

Fund	Deficit Amount
Emergency Operations Center	\$ 84,917
Countywide Road and Bridge Fund	16,136
District 2 Road Fund	33,589
District 3 Road Fund	158,081
District 5 Road Fund	91,150
District 5 Bridge and Culvert Fund	49,835
Solid Waste Fund	1,757,020

JONES COUNTY

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

(14) 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.

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the South Central Regional Medical Center. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2016, is \$20,970,000.

(15) Joint Ventures.

The County participates in the following joint ventures:

Jones County is a participant with the Cities of Laurel, Ellisville, and Sandersville in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Laurel-Jones County Library. The joint venture was created to provide free public library service to the citizens of Jones County. The Jones County Board of Supervisors appoints one of the four members of the board of directors. By contractual agreement, the County's appropriation to the joint venture was \$360,000 in fiscal year 2016. Complete financial statements for the Laurel-Jones County Library can be obtained from 530 Commerce Street, Laurel, MS 39440.

Jones County is a participant with Forrest County, the cities of Hattiesburg and Laurel, and the State of Mississippi in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Hattiesburg-Laurel Regional Airport Authority. The joint venture was created to develop and maintain the airport for the members of the board of commissioners. The Jones County Board of Supervisors appoints one of the five members of the board of commissioners. By contractual agreement, the County's appropriation to the joint venture was \$260,624 in fiscal year 2016. Complete financial statements for the Hattiesburg-Laurel Regional Airport Authority can be obtained from 1002 Terminal Drive, Moselle, MS 39459.

Jones County is a participant with the Counties of Covington and Perry, and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Pine Belt Regional Solid Waste Authority. The joint venture was created to dispose of solid waste in members of the authority. The Jones County Board of Supervisors appoints two of the 12 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements of the Pine Belt Regional Solid Waste Authority can be obtained from P.O. Box 1898, Hattiesburg, MS 39403.

Jones County is a participant with the Cities of Laurel, Ellisville, Soso and Sandersville in a joint venture, authorized by Section 19-9-11, Miss. Code Ann. (1972), to operate the Jones County Economic Development Authority. The joint venture was created to foster, encourage and facilitate economic development in the County. The Jones County Board of Supervisors appoints six of the 22 members of the board of trustees. By contractual agreement the County's appropriation to the joint venture was \$167,523 in fiscal year 2016. Complete financial statements for the Jones County Economic Development Authority can be obtained from P.O. Box 527, Laurel, MS 39441.

JONES COUNTY

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

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jones County Board of Supervisors appoints one of the 34 members of the board of directors. The County appropriated \$54,940 for support of the district in fiscal year 2016.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry, and Wayne. The Jones County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$145,000 for support of the entity 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 Jones County Board of Supervisors appoints six of the 20 members of the college board of trustees. The County appropriated \$2,219,237 for maintenance and support of the college in fiscal year 2016.

Pearl River Valley Opportunity, Inc. operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River, and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jones County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The governing body is a 15 member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The Counties generally provide no financial support to the organization.

South Mississippi Fair operates in a district composed of Jones County and the City of Laurel. The Jones County Board of Supervisors appoints five of the ten members of the fair commission. The County issued general obligation bonds for the construction of a multi-purpose building to be used by the South Mississippi Fair. The County appropriated \$60,000 for support of the fair in fiscal year 2016.

(17) 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 Jones County evaluated the activity of the County through February 2, 2018, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2016, the County issued the following debt obligations:

JONES COUNTY

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
01/01/2017	2.32%	\$ 36,750	Capital leases	Ad valorem taxes
04/01/2017	2.47%	48,000	Capital leases	Ad valorem taxes
05/01/2017	1.97%	296,380	Capital leases	Ad valorem taxes
05/01/2017	1.95%	77,080	Capital leases	Ad valorem taxes
05/01/2017	1.95%	36,648	Capital leases	Ad valorem taxes
05/01/2017	2.30%	124,000	Capital leases	Ad valorem taxes
07/01/2017	1.94%	92,789	Capital leases	Ad valorem taxes
07/01/2017	1.94%	381,152	Capital leases	Ad valorem taxes
07/01/2017	2.35%	49,814	Capital leases	Ad valorem taxes
07/01/2017	1.94%	21,207	Capital leases	Ad valorem taxes
07/01/2017	1.96%	95,288	Capital leases	Ad valorem taxes
07/01/2017	2.00%	94,442	Capital leases	Ad valorem taxes
08/01/2017	1.96%	112,680	Capital leases	Ad valorem taxes
			Special Obligation	
10/01/2017	1.60-4.00%	4,225,000	Refunding Bond	Ad valorem taxes
01/01/2018	2.39%	109,492	Capital leases	Ad valorem taxes

JONES COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JONES COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 13,679,015	13,336,218	13,336,218	
Road and bridge privilege taxes		71	71	
Licenses, commissions and other revenue	475,000	695,020	695,020	
Fines and forfeitures	410,000	531,493	531,493	
Intergovernmental revenues	1,645,870	1,722,231	1,722,231	
Charges for services	225,000	309,250	309,250	
Interest income	8,000	12,465	12,465	
Rental income		183,680	183,680	
Miscellaneous revenues	477,000	837,090	837,090	
Total Revenues	<u>16,919,885</u>	<u>17,627,518</u>	<u>17,627,518</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	8,484,171	8,663,004	8,663,004	
Public safety	5,308,139	6,431,592	6,431,592	
Public works	260,624	260,624	260,624	
Health and welfare	1,164,653	1,140,453	1,140,453	
Culture and recreation	585,000	439,730	439,730	
Education	107,500	118,615	118,615	
Conservation of natural resources	124,328	128,428	128,428	
Economic development and assistance	190,963	222,873	222,873	
Debt service:				
Principal	50,864	48,333	48,333	
Interest		2,531	2,531	
Total Expenditures	<u>16,276,242</u>	<u>17,456,183</u>	<u>17,456,183</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>643,643</u>	<u>171,335</u>	<u>171,335</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		811	811	
Transfers in		1,169,023	1,169,023	
Transfers out		(952,203)	(952,203)	
Other financing uses	(666,338)			
Total Other Financing Sources and Uses	<u>(666,338)</u>	<u>217,631</u>	<u>217,631</u>	<u>0</u>
Net Change in Fund Balance	(22,695)	388,966	388,966	0
Fund Balances - Beginning	<u>3,221,031</u>	<u>147,386</u>	<u>247,686</u>	<u>100,300</u>
Fund Balances - Ending	<u>\$ 3,198,336</u>	<u>536,352</u>	<u>636,652</u>	<u>100,300</u>

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

JONES COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Howard Industries Fund
 For the Year Ended September 30, 2016
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous revenues	\$ 1,350,000	1,150,000	1,150,000	
Total Revenues	<u>1,350,000</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>0</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	<u>1,350,000</u>	<u>1,150,000</u>	<u>1,150,000</u>	
Total Expenditures	<u>1,350,000</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance				
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

JONES COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2016

	2016	2015
County's proportion of the net pension liability (asset)	0.212147%	0.205099%
County's proportionate share of the net pension liability (asset)	\$ 37,894,752	31,704,261
County's covered-employee payroll	\$ 13,571,523	12,911,284
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.22%	245.55%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30, of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JONES COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,181,330	2,033,531
Contributions in relation to the contractually required contribution	<u>2,181,330</u>	<u>2,033,531</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 13,849,717	12,911,284
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JONES COUNTY

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

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Howard Industries Fund</u>
Budget (Cash Basis)	\$ 388,966	-
Increase (Decrease)		
Net adjustments for revenue accruals	(86,560)	
Net adjustments for expenditure accruals	<u>289,711</u>	<u>(150,000)</u>
GAAP Basis	<u>\$ 592,117</u>	<u>(150,000)</u>

JONES COUNTY

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JONES COUNTY

OTHER INFORMATION

JONES COUNTY

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JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Name	Position	Company	Bond
John Burnett	Supervisor District 1	Brierfield Insurance Company	\$100,000
Danny Spradley	Supervisor District 2	Brierfield Insurance Company	\$100,000
Barry Saul	Supervisor District 3	Brierfield Insurance Company	\$100,000
David Scruggs	Supervisor District 4	Brierfield Insurance Company	\$100,000
Jerome Wyatt	Supervisor District 5	Brierfield Insurance Company	\$100,000
Jan Hughes	County Administrator	Travelers Casualty and Surety Company	\$100,000
Bart Gavin	Chancery Clerk	Brierfield Insurance Company	\$100,000
Debbie Spalding	Purchase Clerk	Travelers Casualty and Surety Company	\$75,000
Several clerks (blanket bond)	Assistant Purchase Clerk	Western Surety Company	\$50,000
Richard Creel	Assistant Purchase Clerk	Travelers Casualty and Surety Company	\$50,000
Debbie Knotts	Receiving Clerk	Travelers Casualty and Surety Company	\$75,000
Martha Brownlee	Receiving Clerk	Travelers Casualty and Surety Company	\$75,000
Several clerks (blanket bond)	Assistant Receiving Clerk	Western Surety Company	\$50,000
Robert Wansley	Assistant Receiving Clerk	Travelers Casualty and Surety Company	\$50,000
Charles Miller	Inventory Control Clerk	Travelers Casualty and Surety Company	\$75,000
Sheila Godard	Assistant Inventory Control Clerk	Travelers Casualty and Surety Company	\$50,000
Mike Sumrall	Constable	Brierfield Insurance Company	\$50,000
Larry Strickland	Constable	Lexon Insurance Company	\$50,000
David Livingston	Constable	Brierfield Insurance Company	\$50,000
Concetta Brooks	Circuit Clerk	Brierfield Insurance Company	\$100,000
Rhonda S. Dietz	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Wanda Denise Robinson	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Colenia L. Ross	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Lisa Smith	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Jennifer M. Walker	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Charlotte A. Ishee	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Herbert A. Murray	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Tammy Ruth Langley Williams	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Evelyn Chasity Gray	Deputy Circuit Clerk	Brierfield Insurance Company	\$100,000
Alex Hodge	Sheriff	Brierfield Insurance Company	\$100,000
Billie Graham	Justice Court Judge	Brierfield Insurance Company	\$50,000
David Lyons	Justice Court Judge	Brierfield Insurance Company	\$50,000
Wilbur Howell Beech	Justice Court Judge	Brierfield Insurance Company	\$50,000
Stacy Walls	Justice Court Clerk	Western Surety Company	\$50,000
Jennifer Yanez	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Janice Glenn	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Cynthia Bush	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Debra Sumrall	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Lacey Nicole Norris	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Bonnie Jean Pilgrim	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Patricia Doggett	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Ramona Blackledge	Tax Assessor-Collector	Brierfield Insurance Company	\$100,000
Myra Emmons	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Brandy Hearn	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Edward Holifield	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Mark Mackey	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Virginia Myrick	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Rachel Rogers	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000

JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Name	Position	Company	Bond
Sallie Rustin	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Janet West	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Wanda Parrish Welch	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Rickey Hammonds	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Anna Emmons	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
W. Brock Shedd	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Babara Mason	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Casey Pickering	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Belinda L. Key	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Joshua Satcher	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Judy Beard	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Bettye Boyd	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Tina Byrd	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Rebecca Ann Jones	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Deborah Martin	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Wilda McCullum	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Carolyn Moody	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Connie Shoemake	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Reanee Tanner	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Wendy Walters	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Alanna Knotts-Green	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Lacey B. Hargrove	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Jennifer Fountain	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Bridget D. Howse	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Christie Darnell	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Jeana R. Sims	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Kasey M. Sherman	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Sherry S. Farmer	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000

JONES COUNTY

SPECIAL REPORTS

JONES COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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

Members of the Board of Supervisors
Jones 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 Jones 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 County's basic financial statements, and have issued our report thereon dated February 2, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are 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, the business-type activities and the Garbage Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. -Additionally, the report includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Circuit Court fines receivable, net and aging of these receivables as of September 30, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2016-001, 2016-002 and 2016-003 that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Jones County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated February 2, 2018, included within this document.

Jones County's Responses to Findings

Jones County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Jones 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 2, 2018



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**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
Jones County, Mississippi

We have examined Jones 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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Jones County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Board of Supervisors, Purchase Clerk, and Assistant Purchase Clerk.

1. Purchase Clerk and Assistant Purchase Clerk should be bonded as required by state statute.

Repeat Finding Yes

Criteria Section 31-7-124, Miss. Code Ann. (1972), requires the Purchase Clerk to execute a bond in a penalty equal to \$75,000, and the Assistant Purchase Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.

Condition	As reported in the prior three years' audit reports, the Purchase Clerk and Assistant Purchase Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2016.
Cause	Unknown
Effect	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should implement additional procedures to ensure the Purchase Clerk and Assistant Purchase Clerks are bonded as required by state statute.
Views of Responsible Official(s)	The Purchase Clerk now has an individual bond for a specific period. Additionally, we are in the process of obtaining the appropriate bond for the Assistant Purchase Clerk.
Board of Supervisors and Assistant Receiving Clerks.	
2.	<u>Assistant Receiving Clerks should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior three years' audit reports, the Assistant Receiving Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2016.
Cause	Unknown
Effect	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should implement additional procedures to ensure that the Assistant Receiving Clerks are bonded as required by state statute.
Views of Responsible Official(s)	The Assistant Receiving Clerks are still under a unified blanket bond due to the number of Assistant Receiving Clerks we have.
Inventory Control Clerk.	
3.	<u>The County should maintain an accurate inventory control system.</u>
Repeat Finding	No
Criteria	Section 31-7-107, Miss. Code Ann. (1972) requires the County to develop and maintain a complete and accurate inventory control system.
Condition	During our audit, we noted several assets on inventory which the County did not expend funds to purchase and does not maintain the title to those assets. The County has no authority to include such assets on its inventory listing.
Cause	Unknown
Effect	The failure to maintain an effective inventory control system resulted in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The County should establish adequate control procedures to ensure maintenance of accurate inventory records.

**Views of Responsible
Official**

These were several vehicles purchased by the District Attorney with state funds. We were asked by them to cover their insurance, and to do so, we were told we had to own them, so we put them on the County's inventory. We did not realize that the District Attorney had them on their inventory too. Once we were informed of this by the auditors, we have removed them from our inventory.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Jones 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.

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

This report is intended for use in evaluating Jones 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 2, 2018

JONES COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
05/23/2016	Backhoe/loader	\$ 88,250	Stribling Equipment	\$ 87,519	Low bid did not meet advertised specifications
05/23/2016	Compact excavator	70,900	Stribling Equipment	63,674	Low bid did not meet advertised specifications

JONES COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
03/21/2016	Repairs to bridge	\$ 35,000	Magco Inc.	To ensure safety
04/18/2016	Central control system	24,500	Montgomery Tech	System controls all, creates a safety issue
08/15/2016	Repair light and pole	\$ 15,875	Buckhaults Electric	To ensure safety to people attending games

JONES COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/05/2015	Video training/travel	\$ 5,910	Laster Shot Inc.
10/19/2015	Trailer with custom radar	52,320	Turn Key Mobile Inc.
12/21/2015	4RE in car camera systems	36,190	Watchguard Video
01/04/2016	Tax statement processing	17,728	Lawrence Printing Company
01/19/2016	Taser, holster, battery pack	10,208	Taser International Inc.
02/01/2016	4 camera mounted/start up system	34,550	Turn Key Mobile Inc.
05/02/2016	Irecord Essential HP kit	21,141	Word Systems Inc.
05/02/2016	Warranty & software protection	11,680	Watchguard Video
09/26/2016	Hardware maintenance contract	18,158	Election Systems



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Jones County, Mississippi

In planning and performing our audit of the financial statements of Jones County, Mississippi for the year ended September 30, 2016, we considered Jones 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 Jones 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 February 2, 2018, on the financial statements of Jones County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors and Circuit Clerk.

1. Deputy Circuit Clerks should be bonded as required by state statute.

Repeat Finding Yes

Criteria Section 9-7-123(2), Miss. Code Ann. (1972), requires that all Deputy Circuit Clerks be bonded for three percent of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000.

Condition As reported in the prior three years' audit reports, it was determined that the Deputy Circuit Clerks' bonds did not adequately state beginning and ending effective dates for the fiscal year 2016.

Cause Unknown

Effect Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The Circuit Clerk should ensure that the Deputy Circuit Clerks obtain a bond which states specific

beginning and ending effective dates for the duration of the current term.

Views of Responsible Official(s)

Our insurance company has already fixed this problem.

Circuit Clerk.

2. Unauthorized fees being collected should be ceased.

Repeat Finding Yes

Criteria Section 19-7-31, Miss. Code Ann. (1972), provides that the County may levy additional court costs for support of the Law Library not exceeding \$2.50 per each civil and criminal case filed in the circuit and county courts.

Condition As reported in the prior year's audit report, it was noted that the Circuit Clerk was levying \$3.50 to the Law Library fund for each civil and criminal case.

Cause Unknown

Effect The Clerk has been erroneously collecting an additional \$1.00 on all civil and criminal court cases.

Recommendation The Circuit Clerk should levy the proper amount to the Law Library fund per each civil and criminal case.

Views of Responsible Official

This issue has been corrected last July when brought to my attention. Upon asking the Board we began applying that \$1.00 fee to the Archives.

Justice Court Clerk.

3. Unauthorized fees being collected should be ceased.

Repeat Finding Yes

Criteria Section 19-7-31, Miss. Code Ann. (1972), provides that the County may levy court costs to the Law Library fund not exceeding \$1.50 per each civil and criminal case filed in the Justice Court.

Condition As reported in the prior year's audit report, it was noted that the Justice Court Clerk was levying \$2.00 to the Law Library fund for each civil and criminal case.

Cause Unknown

Effect The Clerk has been erroneously collecting an additional \$0.50 on all civil and criminal court cases.

Recommendation We recommend that the Justice Court Clerk levy the proper amount to the Law Library fund per each civil and criminal case.

Views of Responsible Official

As of October 17, 2016 the correct fee of \$1.50 was corrected.

Chancery Clerk.

4. A proper fee account cash journal should be maintained and reconciled to the bank statement on a monthly basis.

Repeat Finding No

Criteria An effective system of internal control should include maintaining a fee journal and reconciling

the bank statement to the fee journal.

Condition	During our test work, it was noted that the fee journal was not properly posted and the bank statement was not reconciled to the fee journal monthly.
Cause	Due to the omission of controls, we noted unreconciled balances and miscalculations were posted to the fee journal and annual financial report.
Effect	Therefore, the Clerk's inaccurate Annual Financial Report resulted in the Clerk exceeding the salary cap by \$100 for the 2016 calendar year. Failure to properly maintain the fee journal and reconcile the bank statement could result in the loss of public funds.
Recommendation	The Chancery Clerk should implement controls to ensure the fee journal is properly maintained and reconciled monthly to the bank account. The Clerk should settle the total of \$100 over the salary cap to the County General Fund and ensure that future excess fees are settled timely.
Views of Responsible Official	Clerk will properly reconcile bank statements monthly. Clerk will also settle the \$100 owed to the County.
Auditor's Note	The Chancery Clerk reimbursed the County \$100 for salary cap overages on August 2, 2017, as evidenced by receive warrant number 1701077.
Board of Supervisors.	
5.	<u>Lack of internal controls regarding documentation of employee payroll.</u>
Repeat Finding	No.
Criteria	An effective system of internal control over the County payroll should include proper documentation and authorization of employee time sheets.
Condition	During our test work, it was noted that district five employees were not required to sign and verify their bi-weekly timesheets.
Cause	Unknown
Effect	Failure to require proper documentation and authorization of employee time sheets resulted in a miscalculation of payroll checks. Therefore, the payroll clerk was required to issue additional checks to employees to pay them for undocumented hours worked. Without proper controls regarding employee timesheets, unauthorized or inaccurate payroll checks could be processed.
Recommendation	The Board of Supervisors should install an adequate system of internal control regarding the County's payroll. An adequate system should include requiring time sheets to be signed by the employee and approved by their supervisors. Also, the payroll clerk should retain the timesheets for documentation of the issued payroll checks.
Views of Responsible Official(s)	We will comply
6.	<u>PERS retirees should not be paid more than one-half the salary of their position.</u>
Repeat Finding	No.
Criteria	Section 25-11-127(4)(a), Miss. Code Ann. (1972), requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year.
Condition	During our test work, we noted that a PERS retiree was paid more than one-half of the salary for their position during fiscal year 2016.

Cause	Unknown
Effect	By overpaying PERS retirees, the County is not in compliance with state legal requirements.
Recommendation	The County should ensure that PERS retirees are not being paid more than the allowable amount.
Views of Responsible Official(s)	We inadvertently paid a retired elected official who was returning to work part time as a regular retiree working at the half time/half salary rate, rather than the rate of 25% of his final average compensation used to calculate his retirement. We have made the necessary adjustments to his salary correcting this error.
7.	<u>PERS Form 4B “Certification/Acknowledgement of Re-employment of Retiree” should be filed for all retirees rehired by the County within five days of employment.</u>
Repeat Finding	No.
Criteria	The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of Section 25-11-127, Miss. Code Ann. (1972), counties hiring PERS service retirees to file PERS Form 4B “Certification/Acknowledgement of Re-employment of Retiree” with the PERS office within five days from the date of employment of the retiree.
Condition	During our testing of internal controls related to payroll expenditures, we noted that the County employed nine PERS service retirees. Only three of the Form 4B’s for these service retirees were signed within five days of being hired.
Cause	Lack of internal controls related to the payroll cycle resulted in county personnel not correctly filing all of the necessary forms required for PERS service retirees.
Effect	The Mississippi Public Employees Retirement System may assess a penalty per occurrence payable by the County for not filing a PERS Form 4B within five days of re-employment of a service retiree.
Recommendation	The Board of Supervisors should install an adequate system of internal control regarding the County’s payroll. An adequate system should include requiring time sheets to be signed by the employee and approved by their supervisors. Also, the payroll clerk should retain the timesheets for documentation of the issued payroll checks.
Views of Responsible Official(s)	We will comply
8.	<u>Lack of internal controls regarding documentation of payroll and accounts payable checks.</u>
Repeat Finding	Unknown
Criteria	An effective system of internal control over voided checks should include the retainage of the voided checks to document any gaps in the County’s check sequence.
Condition	During our test work, several gaps in the check sequence were noted within the payroll and accounts payable departments. However, the voided checks were not retained and could not be provided to us for inspection.
Cause	None.
Effect	Failure to maintain proper documentation regarding voided checks could result in the loss of funds and unauthorized checks being processed.

Recommendation The Board of Supervisors should install an adequate system of internal control regarding the County's payroll. An adequate system should include requiring time sheets to be signed by the employee and approved by their supervisors. Also, the payroll clerk should retain the timesheets for documentation of the issued payroll checks.

Views of Responsible Official(s)

We changed banks in the middle of our fiscal year and the new bank check numbers began about 1,500 numbers past where our old bank check numbers wound up. We do attempt to hold in safe keeping any un-used or voided checks.

9. Board of Supervisor member reimbursed for travel not related to official duties.

Repeat Finding No.

Criteria Section 25-3-41(2), Miss. Code Ann. (1972), requires that when any member of any board of supervisors shall be required to travel outside the State of Mississippi in the performance of his official duties, such member shall receive as expenses of such travel the same mileage, and actual and necessary expenses for food, lodging and travel by public carrier or private motor vehicles as is allowed state officers and employees.

Condition During the audit, we noted that a member of the Board of Supervisors was reimbursed for travel expenses that were not part of the member's official duties as a Supervisor of the County. This reimbursement was for the amount of \$2,713.58.

Cause Due to the County reimbursing the Supervisor for travel that was not required by official duties, the County/Supervisor is not in compliance with state statute.

Effect Failure to ensure that only travel related to official duties be reimbursed to employee's increases the risk of loss of public funds.

Recommendation We recommend in the future that the County only reimburse officials for travel that is related to their official duties and that the member of the Board of Supervisors repay \$2,713.58 to the County.

Views of Responsible Official(s)

The Board member plans to reimburse the County.

Auditor Note On January 11, 2017, the Board of Supervisor member paid back \$621.41 to the County treasury, as noted in receipt warrant number 1800372. The remainder amount of \$2,092.17 was reimbursed on January 29, 2018 as noted in receipt warrant number 1800437.

Inventory Control Clerk

10. Inadequate controls over the inventory control system.

Repeat Finding No.

Criteria 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 description of assets, cost, 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.

Condition During our audit, we noted that the County deleted a tractor from inventory after a board order was made to sell the asset. However, there is no record of the sale and the asset's location is unknown.

Cause Unknown

Effect	The failure to properly document and record the disposition of inventory 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 implement appropriate control procedures to ensure that all assets are appropriately accounted for including their disposition date, method of disposition and location.
Views of Responsible Official	This tractor was originally purchased in 1990 by District Two. It was declared junk by board order in 1998. In 2002, it re-appeared on inventory in District Five. However, we are not sure if the whole tractor was still intact at that time, or a piece of the tractor that still had the inventory number attached had made its way to District Five. However, whatever parts were at District Five were declared junk by board order in 2016. We are not sure what has been the disposition of these parts. In the future, we will more closely follow up on the disposition of assets.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 2, 2018

JONES COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

JONES COUNTY

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JONES COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Qualified
Howard Industries Fund	Unmodified
Countywide Bond and Interest Sinking Fund	Unmodified
Aggregate remaining fund information	Unmodified
Garbage Fund	Qualified

2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? None Reported

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2016-001.	<u>Financial data for component units should be included in the financial statements.</u>
Repeat Finding	Yes
Criteria	Generally accepted accounting principles require the financial data for the County's component units 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 included the financial data of the county's legally separate component units.
Condition	As reported in the prior seven years' audit reports, the financial statements do not include the financial data for the County's legally separate component units.
Cause	Unknown
Effect	Failure to follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.
Recommendation	The Board of Supervisors should provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

JONES COUNTY

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

Views of Responsible Official(s)	We do not plan any action as we feel combining our hospital component unit data to our financial statements would only confuse readers and not be relevant in determining the financial operations of county government.
Material Weakness	
2016-002.	<u>The County should comply with GASB Statement 45 and report on postemployment health care benefits.</u>
Repeat Finding	Yes
Criteria	Jones County purchases health insurance coverage from a commercial health insurance company and offers health insurance benefit coverage through the County's health insurance plan. Since retirees may obtain health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined health care plan. GASB Statement 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits.
Condition	As reported in the prior six years' audit reports, the County does not issue a publicly available financial report for its health insurance plan. The County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.
Cause	Unknown
Effect	The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities.
Recommendation	The Board of Supervisors should have an actuarial valuation annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
Views of Responsible Official(s)	We understand this is a fairly new requirement placed on counties; however, this information is very difficult to obtain. We will continue to seek help from our local health insurance agent to help us provide this actuary information in the future.
Circuit Clerk.	
Material Weakness	
2016-003.	<u>Fines receivable was not accurately documented in the financial statements.</u>
Repeat Finding	No
Criteria	An effective system of internal control over Circuit Court fines receivable should include maintaining accurate subsidiary records to substantiate the total fines receivable balance.
Condition	Management included all court costs and restitution due, in addition to fines due, in the valuation of fines receivable for Circuit Court fines at year end.
Cause	Unknown

JONES COUNTY

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

Effect	The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Circuit Court's fines receivable. Failure to establish control procedures over aging of Circuit Court fines receivable could result in erroneous amounts being reported in the financial statements.
Recommendation	The Circuit Clerk should establish procedures documenting the existence and valuation of Circuit Court fines receivable for inclusion in the financial statements.
Views of Responsible Official	We will begin posting fines separately beginning October 1, 2017 after having received finding.