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JONES COUNTY, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS**

For the Year Ended September 30, 2022

JONES COUNTY, MISSISSIPPI

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jones County, Mississippi

Report on the Audit of the Financial Statements

Adverse, Qualified and Unmodified Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse, Qualified and Unmodified Opinions" section of our report, the accompanying 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, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Governmental Activities, Business-Type Activities and Solid Waste Fund

In our opinion, except for the effects of the matter described in the "Basis for Adverse, Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and the Solid Waste Fund of Jones County, Mississippi, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.



HATTIESBURG
2 Southern Pointe Pkwy, Ste 200
Hattiesburg, MS 39401

P. O. Drawer 15099
Hattiesburg, MS 39404

PHONE: 601.264.3519
FAX: 601.264.3642

HATTIESBURG WEST
10 Plaza Drive
Hattiesburg, MS 39402

P.O. Box 16433
Hattiesburg, MS 39404

PHONE: 601.268.3135
FAX: 601.261.3922

COLUMBIA
150 Old Highway 98 E
Columbia, MS 39429

P. O. Box 609
Columbia, MS 39429

PHONE: 601.736.3449
FAX: 601.736.0501

GULFPORT
2019 23rd Avenue
Gulfport, MS 39501

P. O. Box 548
Gulfport, MS 39502

PHONE: 228.864.1779
FAX: 228.864.3850

Members of the Board of Supervisors
Jones County, Mississippi

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, 2021 Federal Stimulus Fund, Countywide Bond and Interest Sinking Fund and the aggregate remaining fund information of Jones County, Mississippi, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse, Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified and unmodified opinions.

Matters Giving Rise to 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 effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Matter Giving Rise to Qualified Opinion on the Governmental Activities, Business-Type Activities and the Solid Waste Fund

As discussed in Note 11 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities or the Solid Waste 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, business-type activities and Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities and the Solid Waste Fund has not been determined.

Members of the Board of Supervisors
Jones County, Mississippi

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Members of the Board of Supervisors
Jones County, Mississippi

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 Changes in the County's Total OPEB Liability and Related Ratios that accounting principles generally accepted in the United State 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 operation, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jones County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Members of the Board of Supervisors
Jones County, Mississippi

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jones County, Mississippi's 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.


Hattiesburg, Mississippi
April 16, 2024

FINANCIAL STATEMENTS

EXHIBIT 1

JONES COUNTY, MISSISSIPPI

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 25,783,289	\$ 720,049	\$ 26,503,338
Property tax receivable	28,954,545	-	28,954,545
Accounts receivable (net of allowance for uncollectibles of \$1,028,339)	-	143,276	143,276
Fines receivable (net of allowance for uncollectibles of \$3,698,484)	1,575,812	-	1,575,812
Lease receivable	9,180,846	-	9,180,846
Intergovernmental receivables	792,767	-	792,767
Other receivables	288,115	-	288,115
Internal balances	67,393	(67,393)	-
Prepaid bond insurance	32,283	-	32,283
Capital assets:			
Land and construction in progress	2,334,437	30,000	2,364,437
Other capital assets, net	91,817,654	812,845	92,630,499
Total assets	<u>160,827,141</u>	<u>1,638,777</u>	<u>162,465,918</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	6,793,019	470,611	7,263,630
Deferred amount on refunding	396,031	-	396,031
Total deferred outflows of resources	<u>7,189,050</u>	<u>470,611</u>	<u>7,659,661</u>
LIABILITIES			
Claims payable	2,406,725	71,675	2,478,400
Intergovernmental payables	995,548	-	995,548
Accrued payables	441,933	21,908	463,841
Accrued interest payable	264,115	8,011	272,126
Amounts held in custody for others	683,495	-	683,495
Long-term liabilities:			
Due within one year:			
Capital debt	6,657,954	295,643	6,953,597
Non-capital debt	1,519,945	-	1,519,945
Due in more than one year:			
Capital debt	37,033,250	413,502	37,446,752
Non-capital debt	2,731,718	70,634	2,802,352
Net pension liability	43,450,572	2,739,114	46,189,686
Total liabilities	<u>96,185,255</u>	<u>3,620,487</u>	<u>99,805,742</u>

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

EXHIBIT 1
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JONES COUNTY, MISSISSIPPI

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 40,194	\$ -	\$ 40,194
Deferred revenues - property taxes	28,954,545	-	28,954,545
Deferred inflows related to leases	9,180,846	-	9,180,846
Deferred revenues - grants	7,051,889	253,924	7,305,813
Total deferred inflows of resources	<u>45,227,474</u>	<u>253,924</u>	<u>45,481,398</u>
NET POSITION			
Net investment in capital assets	50,816,724	133,700	50,950,424
Restricted for:			
Expendable:			
General government	308,153	-	308,153
Public safety	1,798,483	-	1,798,483
Public works	5,420,720	-	5,420,720
Culture and recreation	32,622	-	32,622
Unemployment compensation	112,656	-	112,656
Debt service	23,603	-	23,603
Unrestricted	<u>(31,909,499)</u>	<u>(1,898,723)</u>	<u>(33,808,222)</u>
Total net position	<u>\$ 26,603,462</u>	<u>\$ (1,765,023)</u>	<u>\$ 24,838,439</u>

EXHIBIT 2

JONES COUNTY, MISSISSIPPI

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 10,603,267	\$ 1,686,678	\$ 6,741,564	\$ 38,890	\$ (2,136,135)		\$ (2,136,135)
Public safety	8,962,382	1,621,288	2,179,687	-	(5,161,407)		(5,161,407)
Public works	17,565,531	-	3,456,513	207,651	(13,901,367)		(13,901,367)
Health and welfare	1,496,161	-	259,193	-	(1,236,968)		(1,236,968)
Culture and recreation	1,671,885	-	375,000	-	(1,296,885)		(1,296,885)
Education	835,704	-	787,252	-	(48,452)		(48,452)
Conservation of natural resources	103,670	-	-	-	(103,670)		(103,670)
Economic development and assistance	323,961	-	-	700,000	376,039		376,039
Pension expense	3,550,643	-	-	-	(3,550,643)		(3,550,643)
Interest and fiscal charges	958,862	-	-	-	(958,862)		(958,862)
Total governmental activities	<u>46,072,066</u>	<u>3,307,966</u>	<u>13,799,209</u>	<u>946,541</u>	<u>(28,018,350)</u>		<u>(28,018,350)</u>
Business-Type Activities:							
Solid waste	2,967,270	2,889,257	-	-	-	\$ (78,013)	(78,013)
Total business-type activities	<u>2,967,270</u>	<u>2,889,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,013)</u>	<u>(78,013)</u>
Total primary government	<u>\$ 49,039,336</u>	<u>\$ 6,197,223</u>	<u>\$ 13,799,209</u>	<u>\$ 946,541</u>	<u>(28,018,350)</u>	<u>(78,013)</u>	<u>(28,096,363)</u>
General revenues:							
Taxes:							
Property taxes					28,422,364	-	28,422,364
Road and bridge privilege taxes					2,276,690	-	2,276,690
Grants and contributions not restricted to specific programs					2,905,292	-	2,905,292
Unrestricted interest income					443,256	15,984	459,240
Rental income					175,765	-	175,765
Miscellaneous					2,858,846	2,972	2,861,818
Gain on sale of capital assets					51,914	85,522	137,436
Transfers:							
Transfers, net					8,601	(8,601)	-
Total general revenues and transfers					<u>37,142,728</u>	<u>95,877</u>	<u>37,238,605</u>
CHANGES IN NET POSITION					9,124,378	17,864	9,142,242
NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED					21,237,669	(1,782,887)	19,454,782
Prior period adjustment					(3,758,585)	-	(3,758,585)
NET POSITION - BEGINNING, AS RESTATED					<u>17,479,084</u>	<u>(1,782,887)</u>	<u>15,696,197</u>
NET POSITION - ENDING					<u>\$ 26,603,462</u>	<u>\$ (1,765,023)</u>	<u>\$ 24,838,439</u>

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

EXHIBIT 3

JONES COUNTY, MISSISSIPPI

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>2021 Federal Stimulus Fund</u>	<u>Countywide Bond & Interest Sinking Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 8,554,992	\$ 7,719,897	\$ 220,494	\$ 9,287,906	\$ 25,783,289
Property tax receivable	17,048,100	-	4,598,244	7,308,201	28,954,545
Fines receivable (net of allowance for uncollectibles of \$3,698,494)	1,575,812	-	-	-	1,575,812
Lease receivable	1,418,145	-	5,814,000	1,948,701	9,180,846
Intergovernmental receivables	661,012	-	-	131,755	792,767
Other receivables	199,428	-	-	88,687	288,115
Due from other funds	39,404	-	67,224	187,071	293,699
Advances to other funds	27,989	-	-	-	27,989
Total assets	\$ 29,524,882	\$ 7,719,897	\$ 10,699,962	\$ 18,952,321	\$ 66,897,062
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 488,592	\$ 620,547	\$ -	\$ 1,297,586	\$ 2,406,725
Intergovernmental payables	995,548	-	-	-	995,548
Due to other funds	274,471	-	-	-	274,471
Amounts held in custody for others	663,319	-	-	-	663,319
Accrued liabilities	320,469	-	-	121,466	441,935
Total liabilities	<u>2,742,399</u>	<u>620,547</u>	<u>-</u>	<u>1,419,052</u>	<u>4,781,998</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	17,048,100	-	4,598,244	7,308,201	28,954,545
Unavailable revenue - grants	-	7,051,889	-	-	7,051,889
Unavailable revenue - fines	1,575,812	-	-	-	1,575,812
Unavailable revenue - leases	1,418,145	-	5,814,000	1,948,701	9,180,846
Total deferred inflows of resources	<u>20,042,057</u>	<u>7,051,889</u>	<u>10,412,244</u>	<u>9,256,902</u>	<u>46,763,092</u>
Fund Balances:					
Nonspendable					
Advances	27,989	-	-	-	27,989
Restricted for:					
General government	-	10,265	-	297,888	308,153
Public safety	-	-	-	1,798,483	1,798,483
Public works	-	37,196	-	5,383,524	5,420,720
Conservation of natural resources	-	-	-	32,352	32,352
Unemployment compensation	-	-	-	112,656	112,656
Debt service	-	-	287,718	-	287,718
Committed to:					
General government	-	-	-	153,987	153,987
Unassigned	6,712,437	-	-	497,477	7,209,914
Total fund balances	<u>6,740,426</u>	<u>47,461</u>	<u>287,718</u>	<u>8,276,367</u>	<u>15,351,972</u>
Total liabilities, deferred inflows and fund balances	\$ 29,524,882	\$ 7,719,897	\$ 10,699,962	\$ 18,952,321	\$ 66,897,062

EXHIBIT 3-1

JONES COUNTY, MISSISSIPPI

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 15,351,972
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 and amortization of \$144,240,139	94,152,091
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,608,097
Receivables not received within 30 days of year end are not reported in the funds.	9,180,846
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(47,942,867)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(43,450,572)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(264,115)
Deferred amount on refunding.	355,837
Deferred outflows and inflows of resources related to pensions and leases are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	6,793,019
Deferred inflows related to leases	(9,180,846)
<i>Total net position - governmental activities</i>	<u>\$ 26,603,462</u>

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

EXHIBIT 4

JONES COUNTY, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	2021 Federal Stimulus Fund	Countywide Bond & Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 17,382,340	\$ -	\$ 4,397,196	6,642,828	\$ 28,422,364
Road and bridge privilege taxes	1,398,127	-	-	878,565	2,276,692
Licenses, commissions and other revenue	1,041,710	-	-	27,889	1,069,599
Fines and forfeitures	689,704	-	-	-	689,704
Intergovernmental revenues	3,023,132	6,175,349	-	8,652,634	17,851,115
Charges for services	547,900	-	-	736,647	1,284,547
Interest income	122,777	43,664	230,232	46,583	443,256
Rental income	175,765	-	-	-	175,765
Miscellaneous revenues	191,853	-	651,897	1,950,154	2,793,904
Total revenues	<u>24,573,308</u>	<u>6,219,013</u>	<u>5,279,325</u>	<u>18,935,300</u>	<u>55,006,946</u>
EXPENDITURES					
Current:					
General government	10,795,798	19,527	-	1,226,635	12,041,960
Public safety	8,543,949	11,635	-	2,836,131	11,391,715
Public works	246,537	6,077,592	-	11,994,853	18,318,982
Health and welfare	1,276,969	-	-	2,329	1,279,298
Culture and recreation	646,911	-	-	948,160	1,595,071
Education	835,704	-	-	-	835,704
Conservation of natural resources	110,173	-	-	-	110,173
Economic development and assistance	323,961	-	-	-	323,961
Debt Service:					
Principal	227,157	-	4,792,719	2,523,588	7,543,464
Interest	12,665	-	805,824	196,768	1,015,257
Fixed agents' fees	-	-	17,477	-	17,477
Total expenditures	<u>23,019,824</u>	<u>6,108,754</u>	<u>5,616,020</u>	<u>19,728,464</u>	<u>54,473,062</u>
Excess of revenues over (under) expenditures	<u>1,553,484</u>	<u>110,259</u>	<u>(336,695)</u>	<u>(793,164)</u>	<u>533,884</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	164,677	-	-	816,633	981,310
Proceeds from sale of capital assets	26,938	-	-	123,662	150,600
Compensation for loss of capital assets	36,172	-	-	41,566	77,738
Transfers in	-	-	-	1,602,452	1,602,452
Transfers out	(1,535,857)	(66,595)	-	-	(1,602,452)
Total other financing sources (uses)	<u>(1,308,070)</u>	<u>(66,595)</u>	<u>-</u>	<u>2,584,313</u>	<u>1,209,648</u>
Net changes in fund balances	245,414	43,664	(336,695)	1,791,149	1,743,532
FUND BALANCES - BEGINNING, AS PREVIOUSLY REPORTED					
Prior Period Adjustments	6,453,597	3,797	624,413	6,485,218	13,567,025
	<u>41,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,415</u>
FUND BALANCES - BEGINNING, AS RESTATED	<u>6,495,012</u>	<u>3,797</u>	<u>624,413</u>	<u>6,485,218</u>	<u>13,608,440</u>
FUND BALANCES - ENDING	<u>\$ 6,740,426</u>	<u>\$ 47,461</u>	<u>\$ 287,718</u>	<u>\$ 8,276,367</u>	<u>\$ 15,351,972</u>

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

EXHIBIT 4-1

JONES COUNTY, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,743,532
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 \$4,936,421, which includes a prior period adjustment of \$21,856, exceeded depreciation and amortization of \$3,405,416 in the current period.	1,552,861
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$51,914 and the proceeds from the sale of \$150,600 in the current period.	(98,686)
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.	64,041
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$7,543,464 exceed debt proceeds of \$981,310.	6,562,154

(Table Continued on Next Page)

EXHIBIT 4-1
PAGE TWO

JONES COUNTY, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Amount</u>
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:	
Change in compensated absences	\$ 111,352
Change in accrued interest payable	161,737
Deferred charges on refunding bond	(54,219)
Premium on refunding bond	66,501
	<u>285,371</u>
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:	
Recognition of pension expense for the current period	(3,550,643)
Recognition of contributions made during the year	2,565,748
	<u>2,565,748</u>
<i>Change in net position of governmental activities</i>	<u>\$ 9,124,378</u>

EXHIBIT 5

JONES COUNTY, MISSISSIPPI

**STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Solid Waste Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 720,049
Accounts receivable (net of allowance for uncollectibles of \$1,028,339)	143,276
Total current assets	<u>863,325</u>
Non-current Assets:	
Capital assets:	
Non-depreciable capital assets	30,000
Depreciable capital assets, net	812,845
Total non-current assets	<u>842,845</u>
Total assets	<u>1,706,170</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>470,611</u>
LIABILITIES	
Current Liabilities:	
Claims payable	71,675
Due to other funds	39,404
Advances from other funds	27,989
Accrued payables	21,908
Accrued interest payable	8,011
Due within one year:	
Capital debt	295,643
Total current liabilities	<u>464,630</u>
Non-current Liabilities:	
Due in more than one year:	
Capital debt	413,502
Non-capital debt	70,634
Net pension liability	2,739,114
Total non-current liabilities	<u>3,223,250</u>
Total liabilities	<u>3,687,880</u>

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

JONES COUNTY, MISSISSIPPI

**STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Solid Waste Fund
<i>DEFERRED INFLOWS OF RESOURCES</i>	
Deferred revenue - grants	<u>\$ 253,924</u>
<i>NET POSITION</i>	
Net investment in capital assets	133,700
Unrestricted	<u>(1,898,723)</u>
<i>Total net position</i>	<u><u>\$ (1,765,023)</u></u>

EXHIBIT 6

JONES COUNTY, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Solid Waste Fund
OPERATING REVENUES	
Charges for services	\$ 2,889,257
Miscellaneous	2,972
Total operating revenues	<u>2,892,229</u>
OPERATING EXPENSES	
Personal services	1,472,377
Contractual services	706,950
Materials and supplies	265,077
Depreciation expense	252,247
Indirect administrative cost	7,739
Pension expense	245,983
Total operating expenses	<u>2,950,373</u>
OPERATING INCOME (LOSS)	<u>(58,144)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	15,984
Gain on sale of capital assets	85,522
Interest expense	(16,897)
Net non-operating revenues	<u>84,609</u>
INCOME BEFORE TRANSFERS	26,465
Transfers out	<u>(8,601)</u>
CHANGE IN NET POSITION	<u>17,864</u>
NET POSITION - BEGINNING	<u>(1,782,887)</u>
NET POSITION - ENDING	<u>\$ (1,765,023)</u>

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

EXHIBIT 7

JONES COUNTY, MISSISSIPPI

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Solid Waste Fund
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>	
Receipts from customers	\$ 3,041,720
Payments to suppliers and service providers	(1,181,213)
Payments to employees for salaries and benefits	(1,384,763)
Net cash provided by operating activities	<u>475,744</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i>	
Transfers to other funds	(8,601)
Net cash used by noncapital financing activities	<u>(8,601)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>	
Proceeds from long-term debt issued	365,438
Principal payments - bonds and notes	(456,094)
Acquisition and construction of capital assets	(356,837)
Proceeds from sale of capital assets	161,879
Interest paid on capital debt	(19,588)
Net cash used by capital and related financing activities	<u>(305,202)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>	
Interest income	15,984
Net cash provided by investing activities	<u>15,984</u>
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>	177,925
<i>CASH AND CASH EQUIVALENTS - Beginning</i>	<u>542,124</u>
<i>CASH AND CASH EQUIVALENTS - Ending</i>	<u><u>\$ 720,049</u></u>

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

JONES COUNTY, MISSISSIPPI

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Solid Waste Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (58,144)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	252,247
Decrease (increase) in assets:	
Accounts receivable - trade	135,983
Deferred outflows related to pension	(88,263)
Increase (decrease) in liabilities:	
Due from/to other governmental funds	7,739
Accounts payable	36,797
Accrued payables	21,908
Compensated absences	(2,526)
Net pension liability	824,662
Deferred inflows related to pension	(668,167)
Deferred inflows related to grants	13,508
Total adjustments	<u>533,888</u>
Net cash provided by operating activities	<u>\$ 475,744</u>

EXHIBIT 8

JONES COUNTY, MISSISSIPPI

**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 66,199
Receivables:	
Due from other funds	<u>20,176</u>
Total assets	<u>86,375</u>
LIABILITIES	
Intergovernmental payables	<u>20,175</u>
Total liabilities	<u>20,175</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>66,200</u>
Total net position	<u>\$ 66,200</u>

EXHIBIT 9

JONES COUNTY, MISSISSIPPI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 579,561
Other taxes and fees collected for other governments	514,602
Licenses and fees collected for State	889,463
Total additions	<u>1,983,626</u>
DEDUCTIONS	
Payments of tax to other governments	598,773
Payments of other taxes and fees to other governments	514,602
Payments of licenses and fees to State	942,758
Total deductions	<u>2,056,133</u>
NET DECREASE IN FIDUCIARY NET POSITION	(72,507)
NET POSITION - BEGINNING	<u>138,707</u>
NET POSITION - ENDING	<u>\$ 66,200</u>

NOTES TO FINANCIAL STATEMENTS

JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

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

B. 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.

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JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

PAGE TWO

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 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/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major 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 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.

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THREE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

Governmental fund 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.

2021 Federal Stimulus Fund - This fund is used to account for monies from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

Countywide Bond & 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:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE FOUR
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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

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, and 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.

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JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

PAGE FIVE

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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.

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JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

PAGE SIX

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Intangible assets	*	*

* Intangible assets for the County represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with undefined useful lives are not amortized.

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 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 10 for additional details.

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE SEVEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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

Deferred revenues - grants/unavailable revenue - grants - Unavailable revenues from grants are deferred and recognized as inflows of resources in the period that the amounts become available.

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

J. Leases - The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The County's incremental borrowing rate is determined using the daily treasury rate that is in effect at the start of the lease adjusted by 1.00% based on the quality of the County's credit. This rate is used to calculate the present value of lease payments when the rate implicit in the lease is not known.

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.

JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

PAGE EIGHT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on financed 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 Fund 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.

L. 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.

M. 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.

N. 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, 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.

JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

PAGE NINE

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 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 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 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 restricted, committed, 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.

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JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

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FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed 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 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 and then unassigned amounts.

O. *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 110.00% 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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

P. *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.

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE ELEVEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Q. Changes in Accounting Standards - GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

R. Recent Accounting Pronouncement - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangement*, which changes the treatment of the capitalization criteria and recognition of the subscription asset. The new standard is effective for the year ending September 30, 2023. The County is evaluating the effect the guidance will have on its financial statements and related disclosures.

NOTE 2 - PRIOR PERIOD ADJUSTMENTS

A summary of the prior period adjustments reflected on the County's financial statements is presented below:

Exhibit 2 - Statement of Activities - Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To correct fund balance for revenue and expense accounts grouped in liabilities.	\$ 41,415
To implement GASB 87 lease assets and lease liabilities.	<u>(3,800,000)</u>
Total prior period adjustments	<u><u>\$ (3,758,585)</u></u>

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

<u>Explanation</u>	<u>Amount</u>
To correct fund balance for revenue and expense accounts grouped in liabilities.	<u><u>\$ 41,415</u></u>

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWELVE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 3 - DEPOSITS

Deposits - The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$26,569,537 and the bank balance was \$28,725,875 which includes restricted assets. 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, *Mississippi Code of 1972 Annotated*. 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.

NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Bond & Interest Sinking Fund	General Fund	\$ 67,224
Other Governmental Funds	General Fund	187,071
General Fund	Solid Waste Fund	39,404
Custodial Funds	General Fund	20,176
		<hr/>
Total		\$ 313,875

The receivables represent the tax revenue collected in September 2022, but not settled until October 2022 and the payroll that was due to the payroll clearing fund as of year-end that had not yet been paid. All interfund balances are expected to be repaid within one year from the date of the financial statements.

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTEEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES (Cont.)

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Solid Waste Fund	\$ 27,989

The advances represent interfund loans relating to indirect costs associated with solid waste operations. The advances are expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 1,535,857
Other Governmental Funds	2021 Federal Stimulus Fund	66,595
Total		\$ 1,602,452

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

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2022, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 628,022
Reimbursement for housing prisoners	32,990
Oil severance	131,755
Total governmental activities	\$ 792,767

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JONES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
PAGE FOURTEEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 - CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2022:

Governmental Activities:	Balance				Balance
	October 1, 2021	Additions	Deletions	Adjustments*	September 30, 2022
Non-depreciable capital assets:					
Land	\$ 1,015,713	\$ -	\$ -	\$ -	\$ 1,015,713
Construction in progress	1,255,578	63,146	-	-	1,318,724
Total non-depreciable capital assets	<u>2,271,291</u>	<u>63,146</u>	<u>-</u>	<u>-</u>	<u>2,334,437</u>
Depreciable capital assets:					
Infrastructure	163,208,608	114,104	-	-	163,322,712
Buildings	31,690,334	-	-	2,906,801	34,597,135
Improvements other than buildings	45,257	-	-	-	45,257
Mobile equipment	24,065,107	4,068,577	596,187	3,547,826	31,085,323
Furniture and equipment	4,208,232	525,917	248,415	2,356,955	6,842,689
Leased property under capital leases	8,697,031	-	-	(8,697,031)	-
Intangible right-of-use assets	-	164,677	-	-	164,677
Total depreciable capital assets	<u>231,914,569</u>	<u>4,873,275</u>	<u>844,602</u>	<u>114,551</u>	<u>236,057,793</u>

* Leased property under capital leases was reclassified as part of the implementation of GASB 87.

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JONES COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

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FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 - CAPITAL ASSETS (Cont.)

	Balance				Balance
Governmental Activities (Cont.):	October 1, 2021	Additions	Deletions	Adjustments*	September 30, 2022
Less accumulated depreciation for:					
Infrastructure	\$ 104,605,433	\$ 864,257	\$ -	\$ -	\$ 105,469,690
Buildings	10,966,511	649,322	-	581,360	12,197,193
Improvements other than buildings	18,103	1,810	-	-	19,913
Mobile equipment	18,595,362	1,575,766	524,683	1,309,959	20,956,404
Furniture and equipment	3,479,707	265,220	221,233	2,024,204	5,547,898
Leased property under capital leases	3,822,828	-	-	(3,822,828)	-
Intangible right-of-use assets	-	49,041	-	-	49,041
Total accumulated depreciation	<u>141,487,944</u>	<u>3,405,416</u>	<u>745,916</u>	<u>92,695</u>	<u>144,240,139</u>
Total depreciable capital assets, net	<u>90,426,625</u>	<u>1,467,859</u>	<u>98,686</u>	<u>21,856</u>	<u>91,817,654</u>
Governmental activities capital assets, net	<u>\$ 92,697,916</u>	<u>\$ 1,531,005</u>	<u>\$ 98,686</u>	<u>\$ 21,856</u>	<u>\$ 94,152,091</u>
Total capital assets, net, excluding intangible right to use assets					\$ 94,036,455
Intangible right of use assets, net					<u>115,636</u>
Total capital assets, net, as reported in the statement of net position					<u>\$ 94,152,091</u>

* Leased property under capital leases was reclassified as part of the implementation of GASB 87.

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JONES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 - CAPITAL ASSETS (Cont.)

Business-Type Activities:	Balance				Balance
	October 1, 2021	Additions	Deletions	Adjustments*	September 30, 2022
Non-depreciable capital assets:					
Land	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Total non-depreciable capital assets	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Depreciable capital assets:					
Buildings	60,380	-	-	-	60,380
Mobile equipment	477,210	365,438	124,455	950,196	1,668,389
Furniture and equipment	8,749	-	-	-	8,749
Leased property under capital leases	1,175,145	-	138,939	(1,036,206)	-
Total depreciable capital assets	<u>1,721,484</u>	<u>365,438</u>	<u>263,394</u>	<u>(86,010)</u>	<u>1,737,518</u>

* Leased property under capital leases was reclassified as part of the implementation of GASB 87.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 6 - CAPITAL ASSETS (Cont.)

	Balance				Balance
Business-Type Activities (Cont.):	October 1, 2021	Additions	Deletions	Adjustments*	September 30, 2022
Less accumulated depreciation for:					
Buildings	\$ 9,664	\$ 1,208	\$ -	\$ -	\$ 10,872
Mobile equipment	402,994	226,030	112,010	388,913	905,927
Furniture and equipment	7,874	-	-	-	7,874
Leased property under capital leases	516,340	25,009	75,027	(466,322)	-
Total accumulated depreciation	<u>936,872</u>	<u>252,247</u>	<u>187,037</u>	<u>(77,409)</u>	<u>924,673</u>
 Total depreciable capital assets, net	<u>784,612</u>	<u>113,191</u>	<u>76,357</u>	<u>(8,601)</u>	<u>812,845</u>
 Business-Type activities capital assets, net	<u>\$ 814,612</u>	<u>\$ 113,191</u>	<u>\$ 76,357</u>	<u>\$ (8,601)</u>	<u>\$ 842,845</u>

* Leased property under capital leases was reclassified as part of the implementation of GASB 87.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE EIGHTEEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 6 - CAPITAL ASSETS (Cont.)

Depreciation and amortization expense were charged to the following functions:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
General government	\$ 259,024
Public safety	1,109,805
Public works	1,685,553
Health and welfare	239,934
Culture and recreation	111,100
	<hr/>
Total governmental activities depreciation expense	\$ 3,405,416
	<hr/> <hr/>
Business-Type Activities:	
Solid Waste	\$ 252,247
	<hr/> <hr/>

The County did not have any outstanding commitments as of September 30, 2022.

NOTE 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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE NINETEEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 - LEASES

The County is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the County recognized a lease liability and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in amortization expense on an effective interest rate method over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses its incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The County's incremental borrowing rate is determined using the daily treasury rate that is in effect at the start of the lease adjusted by 1.00% based on the quality of the County's credit.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either the County or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As lessee:

Lease Assets

The intangible right-to-use assets at September 30, 2022 are as follows:

	Balance			Balance
	October 1, 2021	Additions	Amortization	September 30, 2022
Copier leases, net	\$ -	\$ 135,612	\$ 39,167	\$ 96,445
Postage leases, net	-	29,065	9,874	19,191
Total	\$ -	\$ 164,677	\$ 49,041	\$ 115,636

See Note 6 for further details regarding intangible right-to-use assets, which represent leased assets.

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 - LEASES (Cont.)

Lease Liabilities

The lease liabilities outstanding as of September 30, 2022, were as follows:

	<u>Discount Rate</u>	<u>Term</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Monthly Payment</u>	<u>Amount Outstanding</u>
Copier leases	1.71% - 4.75%	48 - 60 months	Various	Various	\$ 3,658	\$ 96,445
Postage leases	1.71% - 1.93%	48 - 60 months	Various	Various	940	<u>19,191</u>
Total						<u><u>\$ 115,636</u></u>

The following is a schedule by years of the total payments due as of September 30, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 51,242	\$ 1,693
2024	39,830	870
2025	21,919	295
2026	1,612	76
2027	<u>1,033</u>	<u>27</u>
Total	<u><u>\$ 115,636</u></u>	<u><u>\$ 2,961</u></u>

As lessor:

On April 21, 2011, the County entered into a non-cancellable 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 lease stipulated that the lessee would pay approximately \$14,640 per month for a term of 20 years. Also, the most recent amendment to the lease dated April 6, 2021, requires additional debt service rental payments for the amount of principal and interest due on the \$4,225,000 Limited Tax and Hospital Revenue Refunding Bonds, series 2017; and the \$2,405,000 Limited Tax and Hospital Revenue Refunding Bond, Series 2021.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-ONE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8 - LEASES (Cont.)

On October 1, 2003, the County entered into non-cancellable lease agreement with Howard Industries for the lease of equipment purchased by the County for the purpose of manufacturing, processing, assembling, and distributing electrical substations and other related products. On April 21, 2005, the County entered into non-cancellable lease agreement with Howard Industries for the lease of a building purchased by the County for the purpose of designing, engineering, manufacturing, processing, assembling, distributing and marketing computers and other related products. The leases stipulated that lessee would pay various principal and interest payments due on \$14,000,000 General Obligation MBIA Bond, series 2003; and the \$6,000,000 General Obligation MBIA Bond, series 2005 for a term of 20 years.

Remaining amounts to be received associated with these leases are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,822,048	\$ 313,432
2024	1,207,698	260,682
2025	1,274,724	222,456
2026	793,783	179,597
2027	798,263	149,917
2028 - 2031	<u>3,284,330</u>	<u>304,060</u>
Total	<u>\$ 9,180,846</u>	<u>\$ 1,430,144</u>

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-TWO
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT

Debt outstanding as of September 30, 2022, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
General obligation bonds:			
Road bond, Series 2013	\$ 420,000	1.50-1.75%	05/2023
G.O. refunding bond, Series 2015	425,000	2.00%	06/2023
G.O. bond, Series 2017	3,945,000	2.50-3.50%	09/2038
G.O. refunding bond, Series 2020	3,256,000	1.20%	12/2025
G.O. refunding bond, Series 2021	22,402,000	0.53-1.52%	05/2034
MBIA Bonds for Technology Park	1,400,000	0.00%	11/2023
MBIA Bonds for Technology Park	1,350,000	0.00%	04/2025
Total general obligation bonds	<u>33,198,000</u>		
Limited obligation bonds:			
2017 L.O. Hospital Revenue Refunding Bond	3,675,000	3.00%-4.00%	04/2031
2021 L.O. Hospital Revenue Refunding Bonds	2,200,000	3.00%-4.00%	04/2031
Total limited obligation bonds	<u>5,875,000</u>		
Financed Purchases:			
(20) 2020 Dodge Durango Police Vehicles	353,192	1.44%	09/2024
(4) 2018 Nissan Kicks	17,173	3.55%	12/2022
Volunteer Fire Department Pagers	46,896	3.46%	01/2023
(2) Nissan Kicks	16,664	2.82%	12/2023
DHS Building - EDA	893,763	3.89%	04/2026
2019 Ford F-150	8,253	3.46%	01/2023
2019 Ford F-250	7,876	3.52%	05/2023
2020 Ford F-150 police responder	18,673	2.58%	03/2024
Motorola radio equipment	3,492,411	2.22% - 3.87%	03/2027
2007 LaFrance Fire Truck	36,821	2.36%	05/2024
2019 Chevrolet Silverado	15,245	2.06%	05/2024
(3) Western Star Knuckleboom Loaders	377,253	1.44%	09/2024
(3) Kubota Tractors	254,077	1.79%	02/2025

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

<u>Description and Purpose (Cont.)</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities (Cont.):			
Financed Purchases (cont.):			
2021 Western Star 4700SF Tandem dump truck	\$ 121,066	1.82%	07/2023
(3) 2021 Western Star 4700SF single axle trucks	250,849	1.44%	09/2024
Kubota Tractor w/ Terrain King mower	65,937	1.74%	08/2025
(4) John Deere 6150E Cab Tractor and rotary cutter	529,432	3.28%	07/2026
Kubota Tractor w/ Diamond Side Mower	22,332	3.52%	02/2023
Caterpillar 305E2 mini excavator w/ 305 hydraulic thumb	41,487	1.84%	12/2023
2020 C1500 Silverado	17,193	2.58%	03/2024
(2) 2021 Chevrolet Silverado 3500 trucks	36,753	1.95%	07/2025
2022 Ram 5500 Chassis	48,900	3.44%	08/2026
2019 C1500 Silverado	16,305	2.58%	03/2024
John Deere 6015E tractor w/ Alamo mower	62,363	2.58%	03/2024
2020 Ford F-150 super crew truck	21,304	2.75%	02/2024
Total financed purchases	<u>6,772,218</u>		
Other Loans			
Mississippi Development Authority, Debar*	27,003	5.50%	07/2006
Mississippi Development Authority, Debar*	200,096	5.50%	07/2010
Fire Trucks	199,808	3.00%	10/2029
Total other loans	<u>426,907</u>		
Total governmental activities	<u>\$ 46,272,125</u>		

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

(Table Continued on Next Page)

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

Description and Purpose (Cont.)	Amount Outstanding	Interest Rate	Final Maturity Date
Business-Type Activities:			
Financed Purchases			
(2) Western star 4700 garbage trucks	\$ 180,274	2.00%	04/2023
Western star 4700 garbage trucks	163,433	1.65%	06/2024
Western star 4700 garbage trucks	189,500	1.91%	01/2026
2021 Western star garbage trucks	175,938	1.77%	12/2025
Total financed purchases	<u>709,145</u>		
Total business-type activities	<u>\$ 709,145</u>		

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-FIVE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

Governmental Activities:

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

<u>Year Ending September 30,</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,101,000	\$ 380,281	\$ 570,000	\$ 106,900
2024	5,108,000	334,341	585,000	196,700
2025	3,972,000	300,537	595,000	175,500
2026	3,505,000	266,605	630,000	151,700
2027	2,879,000	233,325	650,000	126,500
2028 - 2032	9,317,000	714,022	2,845,000	257,750
2033 - 2037	3,011,000	183,274	-	-
	305,000	3,812	-	-
Total	\$ 33,198,000	\$ 2,416,197	\$ 5,875,000	\$ 1,015,050

(Table Continued on Next Page)

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

<u>Year Ending September 30,</u>	<u>Financed Purchases</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,142,257	\$ 223,103	\$ 251,803	\$ 29,014
2024	1,762,797	157,036	25,442	4,925
2025	1,292,745	104,081	26,231	4,136
2026	1,216,366	58,134	27,029	3,337
2027	358,053	12,716	27,853	2,514
2028-2029	-	-	68,549	2,463
Total	\$ 6,772,218	\$ 555,070	\$ 426,907	\$ 46,389

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-SEVEN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

Business-Type Activities:

<u>Year Ending September 30,</u>	<u>Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 295,643	\$ 13,035
2024	227,448	7,355
2025	92,178	3,428
2026	93,876	1,730
2027	-	-
Total	<u>\$ 709,145</u>	<u>\$ 25,548</u>

Legal Debt Margin

The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15.00% 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 20.00% 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, 2022, the amount of outstanding debt was equal to 5.12% of the latest property assessments.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-EIGHT
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	<u>Balance October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments*</u>	<u>Balance September 30, 2022</u>		<u>Amount Due Within One Year</u>
Governmental Activities:							
General obligation bonds	\$ 38,293,000	\$ -	\$ 5,095,000	\$ -	\$ 33,198,000	A,B	\$ 5,101,000
Add:							
Premiums	18,270	-	11,587	-	6,683	A	6,683
Total general obligation bonds	<u>38,311,270</u>	<u>-</u>	<u>5,106,587</u>	<u>-</u>	<u>33,204,683</u>		<u>5,107,683</u>
Limited obligation bonds	6,420,000	-	545,000	-	5,875,000	A	570,000
Add:							
Premiums	521,619	-	54,914	-	466,705		54,914
Total limited obligation bonds	<u>6,941,619</u>	<u>-</u>	<u>599,914</u>	<u>-</u>	<u>6,341,705</u>		<u>624,914</u>
Capital leases	7,788,139	-	-	(7,788,139)	-		-
Financed purchases	-	816,633	1,832,554	7,788,139	6,772,218	A,B	2,142,257
Other loans	448,776	-	21,869	-	426,907	A	251,803
Lease liabilities	-	164,677	49,041	-	115,636	B	51,242
Compensated absences	1,193,070	-	111,352	-	1,081,718		-
Total governmental activities	<u>\$ 54,682,874</u>	<u>\$ 981,310</u>	<u>\$ 7,721,317</u>	<u>\$ -</u>	<u>\$ 47,942,867</u>		<u>\$ 8,177,899</u>

* Capital leases was reclassified as part of the implementation of GASB 87.

(Table Continued on Next Page)

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE TWENTY-NINE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 - LONG-TERM DEBT (Cont.)

	<u>Balance</u> <u>October 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments*</u>	<u>Balance</u> <u>September 30, 2022</u>		<u>Amount Due</u> <u>Within One Year</u>
Business-Type Activities:							
Financed purchases	\$ -	\$ 365,438	\$ 456,094	\$ 799,801	\$ 709,145	A	\$ 295,643
Capital leases	799,801	-	-	(799,801)	-		-
Compensated absences	73,160	-	2,526	-	70,634		-
Total business-type activities	<u>\$ 872,961</u>	<u>\$ 365,438</u>	<u>\$ 458,620</u>	<u>\$ -</u>	<u>\$ 779,779</u>		<u>\$ 295,643</u>

* Capital leases was reclassified as part of the implementation of GASB 87.

- A. *Capital debt*
- B. *Non-capital debt*

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

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 10 - 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 *Mississippi Code of 1972 Annotated 25-11-1 et seq*, 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 2.00% 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 2.50% 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 3.00% 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 3.00% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-ONE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Cont.)

Contributions - At September 30, 2022, PERS members were required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022 was 17.40% 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, 2022, 2021, and 2020 were \$2,743,592, \$2,613,077, and \$2,505,849, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the County reported a liability of \$46,189,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was .2244% which was based on a measurement date of June 30, 2022. This was a decrease of .0010% from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$3,796,626. At September 30, 2022, 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	\$ 478,675
Net difference between projected and actual earnings on pension plan investments	1,940,886
Changes of assumptions	1,169,233

(Table Continued on Next Page)

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Cont.)

	Deferred Outflows of Resources
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	\$ 2,983,443
County contributions subsequent to the measurement date	<u>691,393</u>
Total	<u>\$ 7,263,630</u>

\$691,393 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, 2023. 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,	Amount
2023	\$ 1,888,702
2024	1,888,702
2025	1,725,720
2026	<u>1,069,113</u>
Total	<u>\$ 6,572,237</u>

No deferred inflows related to pensions were reported in the year ended September 30, 2022.

Actuarial Assumptions - The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40%
Salary increases	2.65% - 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Cont.)

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75 and 101.00% for ages above 77. For females, 84.00% of female rates up to age 72 and 100.00% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134.00% for males and 121.00% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97.00% for males and 110.00% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00%	4.60%
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	-0.10
Total	100.00%	

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Cont.)

Discount rate - The discount rate used to measure the total pension liability was 7.55%. 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 (17.40%). 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 7.55%, 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 (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<u>1.00% Decrease (6.55%)</u>	<u>Discount Rate (7.55%)</u>	<u>1.00% Increase (8.55%)</u>
County's proportionate share of the net pension liability	<u>\$ 60,282,257</u>	<u>\$ 46,189,686</u>	<u>\$ 34,571,077</u>

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

NOTE 11 - 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 Annotated (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 75 as a single employer defined benefit healthcare plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for the 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.

JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
PAGE THIRTY-FIVE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 12 - 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.

NOTE 13 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The following funds reported deficits in fund balances at September 30, 2022:

<u>Fund</u>	<u>Deficit Amount</u>
Parks and Recreation	\$ 27,431
County Library	7,749
Road & Bridge	188,274

NOTE 14 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted deficit net position amount of \$31,909,499 includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$646,598 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$6,146,421 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 14 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION (Cont.)

The governmental activities' net investment in capital assets net position of \$50,816,724 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$396,031 balance of deferred outflows of resources related to refunding at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 9 years. The \$40,194 balance of the deferred inflows of resources related to refunding at September 30, 2022 will be recognized in interest expense and will increase the net investment in capital assets net position over the next 12 years.

The business-type activities' unrestricted deficit net position amount of \$1,898,723 includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$44,795 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$425,816 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

NOTE 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, Mississippi Code of 1972 Annotated*, 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 \$529,500 in fiscal year 2022. 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, Mississippi Code of 1972 Annotated*, 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 \$695,840 in fiscal year 2022. Complete financial statements for the Hattiesburg-Laurel Regional Airport Authority can be obtained from 1002 Terminal Drive, Moselle, MS 39459.

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**JONES COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 15 - JOINT VENTURES (Cont.)

Jones County is a participant with the Counties of Covington, Greene, Jefferson Davis, Perry and Stone, and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, 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 fifteen members of the Board of Directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for 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, Mississippi Code of 1972 Annotated*, 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 twenty-two members of the board of trustees. By contractual agreement, the County's appropriation to the joint venture was \$282,023 in fiscal year 2022. Complete financial statements for the Jones County Economic Development Authority can be obtained from P.O. Box 527, Laurel, MS 39441.

NOTE 16 - JOINTLY-GOVERNED ORGANIZATIONS

The County participates in the following jointly-governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jones County Board of Supervisors appoints one of the thirty-four members of the board of directors. The County appropriated \$96,034 for support of the district in fiscal year 2022.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Hancock, Harrison, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jones County Board of Supervisors appoints one of the thirteen members of the board of commissioners. The County attributed \$195,517 for support of the entity in fiscal year 2022.

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 twenty members of the college board of trustees. The County appropriated \$2,761,942 for maintenance and support of the college in fiscal year 2022.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 16 - JOINTLY-GOVERNED ORGANIZATIONS (Cont.)

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 three of the twenty-four 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. The County appropriated \$25,000 for support of the entity in fiscal year 2022.

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 fifteen 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 \$180,300 for support of the fair in fiscal year 2022.

NOTE 17 - TAX ABATEMENTS

As of September 30, 2022, Jones County provides a tax-exempt status to nineteen entities. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory one mill, and community college tax levies. These exemptions are authorized under *Sections 27-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$3,106,111.

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JONES COUNTY, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 18 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Jones County, Mississippi evaluated the activity of the County through April 16, 2024 (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

From December 2022 through October 2023, the County entered into six lease purchase agreements totaling \$2,164,583 with interest rates ranging from 4.50 - 5.45%.

In September 2023, the County issued Special Obligation Bonds, Series 2023 in the amount of \$3,750,000 bearing interest of 4.50% with a 15-year term.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

JONES COUNTY, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget
REVENUES	
Property taxes	\$ 17,415,894
Road and bridge privilege	-
Licenses, commissions and other revenue	1,915,500
Fines and forfeitures	426,500
Intergovernmental revenues	1,905,200
Charges for services	275,000
Interest income	200,000
Miscellaneous revenues	383,000
Total revenues	<u>22,521,094</u>
EXPENDITURES	
Current:	
General government	10,101,039
Public safety	7,650,370
Public works	294,358
Health and welfare	1,234,770
Culture and recreation	605,000
Education	525,000
Conservation of natural resources	158,572
Economic development and assistance	348,963
Debt service	1,670,137
Total expenditures	<u>22,588,209</u>
Excess of revenues over (under) expenditures	<u>(67,115)</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	-
Other financing sources	-
Total other financing sources (uses)	<u>-</u>
NET CHANGE IN FUND BALANCES	(67,115)
Fund balances - beginning	<u>4,900,000</u>
Fund balances - ending	<u>\$ 4,832,885</u>

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

<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 17,368,601	\$ 17,368,601	\$ -
1,391,429	1,391,429	-
1,070,068	1,070,068	-
698,178	698,178	-
2,978,840	2,978,840	-
541,410	541,410	-
84,079	84,079	-
1,243,003	1,243,003	-
<u>25,375,608</u>	<u>25,375,608</u>	<u>-</u>
11,360,728	11,360,728	-
8,231,654	8,231,654	-
245,840	245,840	-
1,254,476	1,254,476	-
644,439	644,439	-
838,100	838,100	-
109,983	109,983	-
323,961	323,961	-
189,532	189,532	-
<u>23,198,713</u>	<u>23,198,713</u>	<u>-</u>
<u>2,176,895</u>	<u>2,176,895</u>	<u>-</u>
(1,269,958)	(1,269,958)	-
72,210	72,210	-
<u>(1,197,748)</u>	<u>(1,197,748)</u>	<u>-</u>
979,147	979,147	-
<u>5,697,609</u>	<u>5,697,609</u>	<u>-</u>
<u>\$ 6,676,756</u>	<u>\$ 6,676,756</u>	<u>\$ -</u>

SCHEDULE 2

JONES COUNTY, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2021 FEDERAL STIMULUS FUND - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget
REVENUES	
Intergovernmental revenues	\$ -
Interest income	-
Total revenues	-
EXPENDITURES	
Current:	
General government	-
Public safety	-
Public works	-
Total expenditures	-
Excess of revenues over (under) expenditures	-
OTHER FINANCING SOURCES (USES)	
Other financing sources	-
Transfers out	-
Total other financing sources (uses)	-
NET CHANGE IN FUND BALANCES	-
Fund balances - beginning	-
Fund balances - ending	\$ -

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

Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
\$ 6,613,619	\$ 6,613,619	\$ -
43,664	43,664	-
<u>6,657,283</u>	<u>6,657,283</u>	<u>-</u>
17,339	17,339	-
11,635	11,635	-
5,459,233	5,459,233	-
<u>5,488,207</u>	<u>5,488,207</u>	<u>-</u>
1,169,076	1,169,076	-
5,000,000	5,000,000	-
(5,066,595)	(5,066,595)	-
<u>(66,595)</u>	<u>(66,595)</u>	<u>-</u>
1,102,481	1,102,481	-
-	-	-
<u>\$ 1,102,481</u>	<u>\$ 1,102,481</u>	<u>\$ -</u>

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

SCHEDULE 3

JONES COUNTY, MISSISSIPPI

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS* - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.2244%	0.2255%	0.2127%	0.2058%	0.2189%	0.2208%	0.2121%	0.2051%
County's proportionate share of the net pension liability (asset)	\$ 46,189,686	\$ 33,326,043	\$ 41,184,379	\$ 36,205,688	\$ 36,416,392	\$ 37,701,461	\$ 37,894,752	\$ 31,704,261
Covered payroll	\$ 15,451,500	\$ 14,991,735	\$ 14,164,213	\$ 13,403,733	\$ 13,820,006	\$ 14,163,286	\$ 13,571,523	\$ 12,911,284
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.93%	222.30%	290.76%	270.12%	263.50%	259.13%	279.22%	245.55%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	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.

SCHEDULE 4

JONES COUNTY, MISSISSIPPI

**SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS* - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,743,592	\$ 2,613,077	\$ 2,505,849	\$ 2,170,940	\$ 2,175,284	\$ 2,229,389	\$ 2,181,330	\$ 2,033,531
Contributions in relation to the contractually required contribution	<u>2,743,592</u>	<u>2,613,077</u>	<u>2,505,849</u>	<u>2,170,940</u>	<u>2,175,284</u>	<u>2,229,389</u>	<u>2,181,330</u>	<u>2,033,531</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,767,770	\$ 15,017,684	\$ 14,401,431	\$ 13,434,035	\$ 13,811,327	\$ 14,154,850	\$ 13,849,717	\$ 12,911,284
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.16%	15.75%	15.75%	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.

JONES COUNTY, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - BUDGETARY INFORMATION

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.

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

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).

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JONES COUNTY, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE TWO
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - BUDGETARY INFORMATION (Cont.)

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

	<u>General Fund</u>	<u>2021 Federal Stimulus Fund</u>
Budget (cash basis)	\$ 979,147	\$ 1,102,481
Increase (decrease):		
Net adjustments for revenue accruals	135,185	(438,270)
Net adjustments for expenditure accruals	<u>(868,918)</u>	<u>(620,547)</u>
GAAP Basis	<u>\$ 245,414</u>	<u>\$ 43,664</u>

NOTE 2 - PENSION SCHEDULES

A. Changes of Assumptions:

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

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JONES COUNTY, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE THREE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112.00% of male rates from ages 18 to 75 scaled down to 105.00% for ages 80 to 119.
- For females, 85.00% of the female rates from ages 18 to 65 scaled up to 102.00% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137.00% of male rates at all ages.

JONES COUNTY, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE FOUR
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

- For females, 115.00% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75, and 101.00% for ages above 77.
- For females, 84.00% of female rates up to age 72, 100.00% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

- For males, 134.00% of male rates at all ages.
- For females, 121.00% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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JONES COUNTY, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE FIVE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.):

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

- For males, 97.00% of male rates at all ages.
- For females, 110.00% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6.00% to 4.00%.

B. Changes in Benefit Provisions:

2016

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

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JONES COUNTY, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE SIX

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 - PENSION SCHEDULES (Cont.)

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00% to 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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SUPPLEMENTARY INFORMATION

SCHEDULE 5

JONES COUNTY, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Agriculture</i>			
Passed-through the Mississippi Office of State Treasurer Forest Service Schools and Roads Cluster: Schools and Roads - Grants to States	10.665	N/A	\$ 112,548
Emergency Watershed Protection Program (Direct Award)	10.923	N/A	<u>745,498</u>
Total U.S. Department of Agriculture			<u>858,046</u>
<i>U.S. Department of the Interior</i>			
Payments in Lieu of Taxes (Direct Award)	15.226	N/A	<u>44,742</u>
<i>U.S. Department of Justice</i>			
Office of Justice Programs: Passed-through the Mississippi Department of Health Crime Victim Assistance	16.575	N/A	34,580
Violence Against Women Formula Grants	16.588	N/A	42,187
Bulletproof Vest Partnership Program (Direct Award)	16.607	N/A	13,515
Edward Byrne Memorial Justice Assistance Grant Program (Direct Award)	16.738	N/A	<u>6,969</u>
Total U.S. Department of Justice			<u>97,251</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

SCHEDULE 5
PAGE TWO

JONES COUNTY, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Transportation</i>			
Passed-through the Mississippi Office of Highway Safety National Highway Traffic Safety Administration (NHTTSA) Discretionary Safety Grants	20.614	N/A	<u>\$ 200,513</u>
Total U.S. Department of Transportation			<u>200,513</u>
<i>U.S. Department of Treasury</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Direct Award)	21.027	N/A	<u>6,166,246</u>
Total U.S. Department of Treasury			<u>6,166,246</u>
<i>U.S. Department of Homeland Security</i>			
Passed through the Mississippi Emergency Management Agency Emergency Management Performance Grants	97.042	N/A	72,067
Passed through the Mississippi Office of Homeland Security Homeland Security Grant Program	97.067	N/A	<u>30,000</u>
Total U.S. Department of Homeland Security			<u>102,067</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 7,468,865</u></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

JONES COUNTY, MISSISSIPPI

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Jones County, Mississippi (the County) under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 2 - DE MINIMIS COST RATE

The County elected not to recover indirect costs for federal programs using the 10.00% de minimis cost rate allowed under the Uniform Guidance.

NOTE 3 - SCHOOL AND ROADS - GRANTS TO STATES

Of the federal expenditures presented in the schedule, the County provided awards totaling \$56,274 to subrecipients during the year ended September 30, 2022.

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OTHER INFORMATION

SCHEDULE 6

**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Name	Position	Surety Company	Bond Amount
Johnny Burnett	Supervisor Beat 1	Brierfield Insurance Company	\$ 100,000
T. Larry Dykes	Supervisor Beat 2	Travelers	100,000
Phil Dickerson	Supervisor Beat 3	Travelers	100,000
David Scruggs	Supervisor Beat 4	Brierfield Insurance Company	100,000
Traveres Comegys	Supervisor Beat 5	Travelers	100,000
Danielle Ashley	County Administrator	Travelers	100,000
Rhonda Lynn Williamson	Purchase Clerk	Travelers	100,000
Richard Creel	Assistant Purchase Clerk	Travelers	50,000
Charles Miller	Inventory Control Clerk	Travelers	75,000
Janice Scarbrough	Assistant Inventory Clerk	Travelers	50,000
Mike Sumrall	Constable	Brierfield Insurance Company	50,000
David Livingston	Constable	Brierfield Insurance Company	50,000
Jack D. Gibson	Constable	Travelers	50,000
Joseph K. Berlin	Sheriff	Travelers	100,000
Jami Lewis	Deputy Receiving Clerk	Travelers	50,000
Robert Wansley	Assistant Receiving Clerk	Travelers	50,000
David Paul Lyones Sr.	Justice Court Judge	Brierfield Insurance Company	50,000
C. Grant Hedgepeth	Justice Court Judge	Travelers	50,000
Stacy Walls	Justice Court Clerk	Western Surety Company	50,000
Cynthia Bush	Deputy Justice Court Clerk	Western Surety Company	50,000
Janice Glenn	Deputy Justice Court Clerk	Western Surety Company	50,000
Tracy Nowell	Deputy Justice Court Clerk	Travelers	50,000
Debra Sumrall	Deputy Justice Court Clerk	Western Surety Company	50,000
Lisa Williams	Deputy Justice Court Clerk	Travelers	50,000
Jennifer Yanez	Deputy Justice Court Clerk	Western Surety Company	50,000
Wendall Bart Gavin	Chancery Clerk	Brierfield Insurance Company	100,000
Kristin Cade Holifield	Chancery Deputy Clerk	Travelers	50,000
Jennifer Donaldson	Chancery Deputy Clerk	Travelers	50,000
Angelia Arrington	Chancery Deputy Clerk	Travelers	100,000
Carmen R. Sumrall	Chancery Deputy Clerk	Travelers	100,000
Jeannetta Brown	Chancery Deputy Clerk	Travelers	100,000
Stephanie A. Loftin	Chancery Deputy Clerk	Travelers	100,000
Victoria Marie Phillips	Chancery Deputy Clerk	Travelers	100,000
Miriam W. Doggett	Chancery Deputy Clerk	Travelers	100,000
William Gregory Dickerson	Chancery Deputy Clerk	Travelers	100,000
Sommer N. Barlow	Chancery Deputy Clerk	Travelers	50,000
Concetta Brooks	Circuit Clerk	Brierfield Insurance Company	100,000
Lisa Coulson	Circuit Deputy Clerk	Brierfield Insurance Company	100,000
Kelly Renee Ellzie	Circuit Deputy Clerk	Brierfield Insurance Company	100,000
Brittny Entrekin	Circuit Deputy Clerk	Travelers	100,000
Christy Dione Hodge	Circuit Deputy Clerk	Travelers	100,000
Laurie L. Langley	Circuit Deputy Clerk	Travelers	100,000
Jennifer M. Walker	Circuit Deputy Clerk	Brierfield Insurance Company	100,000
Stormy G. Clark	Circuit Deputy Clerk	Travelers	50,000
Tammy Ruth Langley	Circuit Deputy Clerk	Brierfield Insurance Company	100,000
Tina Gatlin Byrd	Tax Assessor-Collector	Travelers	100,000
Kristi S. Sullivan	Deputy Tax Collector	Travelers	50,000
Wendy Walters	Deputy Tax Collector	Travelers	50,000
Cindy K. Taylor	Deputy Tax Collector	Travelers	50,000
Carolyn Moody	Deputy Tax Collector	Travelers	50,000
Francis La'Shay Pruitt	Deputy Tax Collector	Travelers	50,000
Wakenda Kajora Graves	Deputy Tax Collector	Travelers	50,000
Judy Beard	Deputy Tax Collector	Travelers	50,000
Jennifer Butler	Deputy Tax Collector	Travelers	50,000
Darian Williams	Deputy Tax Assessor	Travelers	50,000
Wanda Gail Parrish Welch	Deputy Tax Assessor	Travelers	10,000

See independent auditor's report.

SCHEDULE 6
PAGE TWO

**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS - UNAUDITED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Bond Amount</u>
Wanda K. Thompson	Deputy Tax Assessor	Travelers	\$ 10,000
Justin Westbrook	Deputy Tax Assessor	Travelers	10,000
Casey Pickering	Deputy Tax Assessor	Travelers	10,000
Rachel Rogers	Deputy Tax Assessor	Travelers	10,000
Myra Marie Emmons	Deputy Tax Assessor	Travelers	10,000
Anna Jolene Emmons	Deputy Tax Assessor	Travelers	10,000
Zachory Donta Busby	Deputy Tax Assessor	Travelers	10,000
Brandy Hearn	Deputy Tax Assessor	Travelers	10,000
Hannah H. Kitchens	Deputy Tax Assessor	Travelers	10,000
Lindsey N. Knight	Deputy Tax Assessor	Travelers	10,000
Virginia Myrick	Deputy Tax Assessor	Travelers	10,000
Julius Grant Matthews	Deputy Tax Assessor	Travelers	10,000
Ashlynn Jade McNabb	Deputy Tax Assessor	Travelers	10,000
Corey Davis Wade	Deputy Tax Assessor	Travelers	10,000
Alta Lynn Middleton	Deputy Tax Assessor	Travelers	10,000

See independent auditor's report.

SPECIAL REPORTS

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

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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 16, 2024. 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, business-type activities and the Solid Waste 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.

Report on 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) as a basis for designing 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.

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HATTIESBURG
2 Southern Pointe Pkwy, Ste 200
Hattiesburg, MS 39401

P. O. Drawer 15099
Hattiesburg, MS 39404

PHONE: 601.264.3519
FAX: 601.264.3642

HATTIESBURG WEST
10 Plaza Drive
Hattiesburg, MS 39402

P.O. Box 16433
Hattiesburg, MS 39404

PHONE: 601.268.3135
FAX: 601.261.3922

COLUMBIA
150 Old Highway 98 E
Columbia, MS 39429

P. O. Box 609
Columbia, MS 39429

PHONE: 601.736.3449
FAX: 601.736.0501

GULFPORT
2019 23rd Avenue
Gulfport, MS 39501

P. O. Box 548
Gulfport, MS 39502

PHONE: 228.864.1779
FAX: 228.864.3850

Members of the Board of Supervisors
Jones County, Mississippi

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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on 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 financial statements. 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 April 16, 2024, included within this document.

Jones County, Mississippi's Response to Finding

Jones County, Mississippi's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Jones County, Mississippi'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.

Members of the Board of Supervisors
Jones County, Mississippi

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.


Hattiesburg, Mississippi
April 16, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Supervisors
Jones County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Jones County, Mississippi’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Jones County, Mississippi’s major federal program for the year ended September 30, 2022. Jones County, Mississippi’s major federal program is identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Jones County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jones County, Mississippi’s and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Jones County, Mississippi’s compliance with the compliance requirements referred to above.



HATTIESBURG
2 Southern Pointe Pkwy, Ste 200
Hattiesburg, MS 39401

P. O. Drawer 15099
Hattiesburg, MS 39404

PHONE: 601.264.3519
FAX: 601.264.3642

HATTIESBURG WEST
10 Plaza Drive
Hattiesburg, MS 39402

P.O. Box 16433
Hattiesburg, MS 39404

PHONE: 601.268.3135
FAX: 601.261.3922

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150 Old Highway 98 E
Columbia, MS 39429

P. O. Box 609
Columbia, MS 39429

PHONE: 601.736.3449
FAX: 601.736.0501

GULFPORT
2019 23rd Avenue
Gulfport, MS 39501

P. O. Box 548
Gulfport, MS 39502

PHONE: 228.864.1779
FAX: 228.864.3850

Members of the Board of Supervisors
Jones County, Mississippi

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Jones County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jones County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Jones County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS and Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Jones County, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jones County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jones County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Members of the Board of Supervisors
Jones County, Mississippi

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.


Hattiesburg, Mississippi
April 16, 2024

**INDEPENDENT ACCOUNTANT’S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM, AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE OF 1972 ANNOTATED)**

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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. 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 a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:



HATTIESBURG
2 Southern Pointe Pkwy, Ste 200
Hattiesburg, MS 39401

P. O. Drawer 15099
Hattiesburg, MS 39404

PHONE: 601.264.3519
FAX: 601.264.3642

HATTIESBURG WEST
10 Plaza Drive
Hattiesburg, MS 39402

P.O. Box 16433
Hattiesburg, MS 39404

PHONE: 601.268.3135
FAX: 601.261.3922

COLUMBIA
150 Old Highway 98 E
Columbia, MS 39429

P. O. Box 609
Columbia, MS 39429

PHONE: 601.736.3449
FAX: 601.736.0501

GULFPORT
2019 23rd Avenue
Gulfport, MS 39501

P. O. Box 548
Gulfport, MS 39502

PHONE: 228.864.1779
FAX: 228.864.3850

Members of the Board of Supervisors
Jones County, Mississippi

Board of Supervisors, Receiving Clerk and Assistant Receiving Clerks.

1.	<u>Assistant Receiving Clerks should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires 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 nine years' audit reports, the Assistant Receiving Clerks have bonds that were written as an "indefinite" and were not adequately bonded for fiscal year 2022. Also, the Assistant Receiving Clerks are not listed on their blanket bond by name and position.
Cause	County personnel did not comply with state statute.
Effect	Failure to comply with the statute would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should implement additional procedures to ensure the Assistant Receiving Clerks are bonded as required by state statute.
Views of Responsible Official(s)	We are now getting individual bonds for any additional Receiving Clerks. Hopefully this will resolve the issue over time.

In our opinion, 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, 2022.

The accompanying schedules of (1) Purchases From Other Than the Lowest Bidder; (2) Emergency Purchases; and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with *Section 31-7-115, Mississippi Code of 1972 Annotated*. 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 response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

Members of the Board of Supervisors
Jones County, Mississippi

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.



Hattiesburg, Mississippi
April 16, 2024

SCHEDULE 7

JONES COUNTY, MISSISSIPPI

SCHEDULE OF PURCHASES FROM OTHER THAN THE LOWEST BIDDER
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<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>
3/25/2022	Garbage truck	\$ 232,919	Burrough's Diesel	Sansom Equipment - \$231,914	There was a buyback option that exceeded lowest bid.

See independent auditor's report.

SCHEDULE 8

JONES COUNTY, MISSISSIPPI

**SCHEDULE OF EMERGENCY PURCHASES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/7/2021	Steel Piles	\$ 36,104	Skyline Steel	To repair a bridge
12/8/2021	Bridge repair	78,000	Ellis Dozier	To repair a bridge
12/21/2021	Bridge repair	42,000	Ellis Dozier	To repair a bridge
3/9/2022	Bridge repair	185,000	Ellis Dozier	To repair a bridge
3/16/2022	Bridge repair	36,104	Skyline Steel	To repair a bridge
3/16/2022	Bridge repair	3,156	MDOT 200 Vulcan	To repair a bridge
3/28/2022	Bridge repair	2,127	MDOT 300 Vulcan	To repair a bridge
6/21/2022	Bridge repair	120,000	Ellis Dozier	To repair a bridge
6/27/2022	Bridge repair	1,372	Dennis Duke	To repair a bridge
6/28/2022	Bridge repair	1,760	Dennis Duke	To repair a bridge
6/28/2022	Bridge repair	960	Btech Services	To repair a bridge
6/29/2022	Bridge repair	330	T&T Farms	To repair a bridge
6/30/2022	Bridge repair	2,800	Ellis Dozier	To repair a bridge
8/23/2022	Bridge repair	6,500	Ellis Dozier	To repair a bridge

See independent auditor's report.

SCHEDULE 9

JONES COUNTY, MISSISSIPPI

SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY FROM A SOLE SOURCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
2/7/2022	Training equipment taser	\$ 7,375	Axon
2/22/2022	Law enforcement equipment	28,168	Guardian RFID
3/23/2022	Amkus tool	13,064	Southern Rescue Systems
5/5/2022	Amkus tool	12,810	Southern Rescue Systems
5/5/2022	Amkus tool	12,475	Southern Rescue Systems
8/15/2022	FARO scene equipment	64,458	FARO

See independent auditor's report.

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, 2022, 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 April 16, 2024, 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, Mississippi Code of 1972 Annotated*, 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:

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HATTIESBURG
2 Southern Pointe Pkwy, Ste 200
Hattiesburg, MS 39401

P. O. Drawer 15099
Hattiesburg, MS 39404

PHONE: 601.264.3519
FAX: 601.264.3642

HATTIESBURG WEST
10 Plaza Drive
Hattiesburg, MS 39402

P.O. Box 16433
Hattiesburg, MS 39404

PHONE: 601.268.3135
FAX: 601.261.3922

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150 Old Highway 98 E
Columbia, MS 39429

P. O. Box 609
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PHONE: 601.736.3449
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GULFPORT
2019 23rd Avenue
Gulfport, MS 39501

P. O. Box 548
Gulfport, MS 39502

PHONE: 228.864.1779
FAX: 228.864.3850

Members of the Board of Supervisors
Jones County, Mississippi

Chancery Clerk.

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

Repeat Finding Yes

Criteria An effective system of internal controls over cash should include maintaining a fee journal and reconciling the bank statements to the fee journal.

Condition As reported in the six prior years' audit reports, we 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 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 journals is properly maintained and reconciled monthly to the bank account.

Views of Responsible Official(s) I am doing a tutorial with my fee journal vendor to rectify these deficiencies.

Board of Supervisors.

2. The County should adhere to the requirements governing the use of credit cards.

Repeat Finding Yes

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Members of the Board of Supervisors
Jones County, Mississippi

Board of Supervisors.

2. The County should adhere to the requirements governing the use of credit cards (Cont.).

Criteria *Section 19-3-68, Mississippi Code of 1972 Annotated*, authorizes the use of a county credit card for travel by the Board of Supervisors and county employees. The Chancery Clerk or Purchase Clerk is required to maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees must furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the County in the same manner as other items in the claims docket.

Condition In addition to travel, the County's credit cards were used to purchase small equipment. Receipts were not available for all credit card charges and the required monthly reports were not submitted to the Board of Supervisors.

Cause The County did not comply with state law or have adequate controls in place to monitor the use of county credit cards.

Effect Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowed expenditures.

Recommendation The Board of Supervisors should implement procedures to ensure that county credit cards are used only for authorized travel and that the required report is presented to the Board of Supervisors each month.

Views of Responsible Official(s) We will comply.

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Members of the Board of Supervisors
Jones County, Mississippi

Tax Assessor, Circuit Clerk, Coroner, County Court Judge and Justice Court Judges

3. Public officials should ensure compliance with state laws over the filing of a statement of economic interest each year by May 1st.

Repeat Finding No

Criteria *Section 25-4-25, Mississippi Code of 1972 Annotated* provides that "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote..."

Section 25-4-29, Mississippi Code of 1972 Annotated), provides that "1) Required statements hereunder shall be filed as follows: a) Every incumbent public official required to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration. 2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer's county of residence..."

Condition During our review of the Statements of Economic Interest, we noted not all Statements of Economic Interest were filed for the year.

Cause Elected officials did not comply with state law.

Effect Failure to file the required Statement could result in the assessment of fines and enrollment of civil judgment against all non-compliant elected officials.

Recommendation We recommend the elected officials who have not filed a Statement of Economic Interest each year, do so as required by *Section 25-4-25, Mississippi Code of 1972 Annotated*.

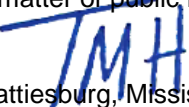
Views of Responsible Official(s) State law clearly indicates this is the responsibility of the individual public officials and is not the responsibility of the County.

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Members of the Board of Supervisors
Jones County, Mississippi

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, 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.


Hattiesburg, Mississippi
April 16, 2024

***SCHEDULE OF FINDINGS
AND
QUESTIONED COSTS***

JONES COUNTY, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 | Unmodified |
| | 2021 Federal Stimulus Fund | Unmodified |
| | Countywide Bond & Interest Sinking Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| | Solid Waste Fund | Qualified |
| 2. | Internal control over financial reporting: | |
| | A. Material weakness identified? | Yes |
| | B. Significant deficiency identified? | None reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over the major federal program: | |
| | A. Material weakness identified? | No |
| | B. Significant deficiency identified? | None reported |
| 5. | Type of auditor's report issued on compliance for the major federal program: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Identification of the major federal program: | |

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

- | | | |
|----|--|-----------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
|----|--|-----------|

JONES COUNTY, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PAGE TWO
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

SECTION 1: SUMMARY OF AUDITOR'S RESULTS (Cont.)

Federal Awards (Cont.)

- | | | |
|-----|--|-----|
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit finding and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

SECTION 2: FINANCIAL STATEMENT FINDINGS

Board of Supervisors.

Material Weakness

2022-001 The County should comply with GASB Statement 75 and report on postemployment health care benefits.

Repeat Finding Yes

Criteria Jones County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan. Since retirees may obtain a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. GASB Statement 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition As reported in the prior 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 The County chooses not to calculate its OPEB liability.

Effect The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities, business-type activities and the Solid Waste Fund.

JONES COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS PAGE THREE FOR THE YEAR ENDED SEPTEMBER 30, 2022

SECTION 2: FINANCIAL STATEMENT FINDINGS (Cont.)

2022-001 The County should comply with GASB Statement 75 and report on postemployment health care benefits (Cont.).

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) See Auditee's Corrective Action Plan.

Material Weakness

2022-002 The financial statements do not include the financial data for the County's legally separate component units.

Repeat Finding No

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 include the financial data for its component units.

Condition As reported in the prior years' audit report, the County's financial statements do not include the financial data of the County's component units.

Cause The County did not provide audited financial statements for the required presentation of the aggregate discretely presented component units (not presented in this report).

Effect Failure to include the data required by generally accepted accounting principles resulted in an adverse opinion on the aggregate discretely presented component units.

Recommendation The Board of Supervisors should provide the financial data of all its discretely presented component units in accordance with general accepted accounting principles.

JONES COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE FOUR

FOR THE YEAR ENDED SEPTEMBER 30, 2022

2022-002

The financial statements do not include the financial data for the County's legally separate component units (Cont.).

**Views of Responsible
Official(s)**

See Auditee's Corrective Action Plan.

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

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***AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***



JONES COUNTY BOARD OF SUPERVISORS

**P. O. Box 1468
Laurel, MS 39441**

Telephone: (601) 428-3139

Fax: (601) 399-4727

AUDITEE'S CORRECTIVE ACTION PLAN

Jones County, Mississippi respectfully submits the following corrective action plan.

Audit Period: September 30, 2022

The finding discussed below is numbered consistently with the number assigned in the schedule of findings and questioned costs.

Corrective Action Plan for Financial Statement Finding

2022-001

We will try to ascertain this information but it is very difficult.

Name of Responsible Person: Charles Miller, CFO

Expected Date of Completion: Unknown

2022-002

Jones County, Mississippi made a conscious decision to exclude the discrete presentation of the County's component units in its financial statements because the cost and effort of this reporting requirement outweighs the benefit to the County.

Name of Responsible Person: Board of Supervisors of Jones County, Mississippi

Expected Date of Completion: Unknown



JONES COUNTY BOARD OF SUPERVISORS

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AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2022

The following is an update of the prior audit findings.

2021-001

Condition - As reported in the prior years' audit reports, the County should comply with GASB Statement 75 and report on postemployment health care benefits.

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.

Current Status - Not corrected. See Finding 2022-001.

2021-002

Condition - As reported in the prior years' audit reports, the County should record revenues and general journal entries correctly.

Recommendation - The Board of Supervisors should ensure that all revenues are properly classified and all general journal entries are properly recorded in the general ledger.

Current Status - Corrected.