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

Fortenberry & Ballard, PC
Certified Public Accountants

Jasper County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jasper County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jasper County, Mississippi (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Jasper County, Mississippi, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the Governmental Activities

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

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Jasper County, Mississippi, as of September 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Jasper County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the

United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Jasper County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jasper County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2018

Certified Public Accountants

FINANCIAL STATEMENTS

Jasper County, Mississippi
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 10,301,320	203,278	10,504,598
Property tax receivable	9,931,410		9,931,410
Accounts receivable (net of allowance for uncollectibles of \$957,235)		239,309	239,309
Fines receivable (net of allowance for uncollectibles of \$1,068,333)	142,641		142,641
Capital leases receivable	1,966,289		1,966,289
Intergovernmental receivables	329,369		329,369
Other receivables	9,040		9,040
Internal balances	193,259	(193,259)	-
Capital assets:			
Land and construction in progress	2,425,757		2,425,757
Other capital assets, net	15,322,506	1,477	15,323,983
Total Assets	<u>40,621,591</u>	<u>250,805</u>	<u>40,872,396</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	2,053,386	45,547	2,098,933
Total Deferred Outflows of Resources	<u>2,053,386</u>	<u>45,547</u>	<u>2,098,933</u>
Liabilities			
Claims payable	402,353	85,995	488,348
Intergovernmental payables	418,775		418,775
Accrued interest payable	38,169		38,169
Long-term liabilities			
Due within one year:			
Capital debt	1,449,654		1,449,654
Due in more than one year:			
Capital debt	6,828,895		6,828,895
Non-capital debt	71,623	715	72,338
Net pension liability	10,586,247	234,373	10,820,620
Total Liabilities	<u>19,795,716</u>	<u>321,083</u>	<u>20,116,799</u>
Deferred Inflows of Resources			
Deferred inflows - capital lease interest	202,381		202,381
Deferred inflows - property taxes	9,931,410		9,931,410
Total deferred inflows of resources	<u>10,133,791</u>	<u>-</u>	<u>10,133,791</u>
Net Position			
Net investment in capital assets	9,469,714	1,477	9,471,191
Restricted for:			
Expendable:			
General government	282,883		282,883
Public safety	135,527		135,527
Public works	1,915,252		1,915,252
Culture and recreation	52,920		52,920
Economic development and assistance	2,299,780		2,299,780
Debt service	1,103,379		1,103,379
Unrestricted	(2,513,985)	(26,208)	(2,540,193)
Total Net Position	<u>\$ 12,745,470</u>	<u>(24,731)</u>	<u>12,720,739</u>

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

Jasper County, Mississippi
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 3,572,576	114,253	10,550	(3,447,773)	-	(3,447,773)
Public safety	2,956,573	616,141	107,058	(2,233,374)		(2,233,374)
Public works	7,028,860			(7,028,860)		(7,028,860)
Health and welfare	250,494			(250,494)		(250,494)
Culture and recreation	30,466			(30,466)		(30,466)
Education	46,371			(46,371)		(46,371)
Economic development and assistance	1,020,884			(1,020,884)		(1,020,884)
Interest on long-term debt	225,461			(225,461)		(225,461)
Pension expense	1,261,646			(1,261,646)		(1,261,646)
Total Governmental Activities	16,393,331	730,394	117,608	(15,545,329)		(15,545,329)
Business-type activities:						
Garbage and solid waste	1,242,127	861,215	-		(380,912)	(380,912)
Total Business-type Activities	1,242,127	861,215	-		(380,912)	(380,912)
Total Primary Government	\$ 17,635,458	1,591,609	117,608	(15,545,329)	(380,912)	(15,926,241)
General revenues:						
Property taxes				\$ 11,429,779		11,429,779
Road & bridge privilege taxes				178,764		178,764
Grants and contributions not restricted to specific programs				4,412,046		4,412,046
Unrestricted interest income				101,506		101,506
Gain or loss on disposal of capital assets				110,833		110,833
Miscellaneous				512,770		512,770
Transfers				(400,000)	400,000	-
Total General Revenues and Transfers				16,345,698	400,000	16,745,698
Changes in Net Position				800,369	19,088	819,457
Net Position - Beginning, as previously reported				20,002,496	131,771	20,134,267
Prior period adjustments				(8,057,395)	(175,590)	(8,232,985)
Net Position - Beginning, as restated				11,945,101	(43,819)	11,901,282
Net Position - Ending				\$ 12,745,470	(24,731)	12,720,739

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

Jasper County, Mississippi
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds			
	General	Economic	Other	Total
	Fund	Development	Governmental	Governmental
		Trust Fund	Funds	Funds
Assets				
Cash	\$ 6,070,115	404,286	3,826,919	10,301,320
Property tax receivable	6,512,770		3,418,640	9,931,410
Fines receivable (net of allowance for uncollectibles of \$1,068,333)	142,641			142,641
Capital lease receivable		1,966,289		1,966,289
Intergovernmental receivables	133,331		196,038	329,369
Other receivables	9,040			9,040
Due from other funds	11,375		34,931	46,306
Advances to other funds	340,895	3,241	12,922	357,058
Total Assets	<u>\$ 13,220,167</u>	<u>2,373,816</u>	<u>7,489,450</u>	<u>23,083,433</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Claims payable	\$ 165,355	-	236,998	402,353
Intergovernmental payables	424,775			424,775
Due to other funds	42,931			42,931
Advances from other funds			161,174	161,174
Total Liabilities	<u>633,061</u>	<u>-</u>	<u>398,172</u>	<u>1,031,233</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	6,512,770		3,418,640	9,931,410
Unavailable revenue - capital leases		1,966,289		1,966,289
Unavailable revenue - fines	142,641			142,641
Total Deferred Inflows of Resources	<u>6,655,411</u>	<u>1,966,289</u>	<u>3,418,640</u>	<u>12,040,340</u>
Fund Balances:				
Nonspendable				
Advances	340,895	3,241	12,922	357,058
Restricted				
General government			282,883	282,883
Public safety			135,527	135,527
Public works			1,915,252	1,915,252
Culture and recreation			52,920	52,920
Economic development and assistance		404,286	131,586	535,872
Debt service			1,141,548	1,141,548
Unassigned	5,590,800			5,590,800
Total Fund Balances	<u>5,931,695</u>	<u>407,527</u>	<u>3,672,638</u>	<u>10,011,860</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,220,167</u>	<u>2,373,816</u>	<u>7,489,450</u>	<u>23,083,433</u>

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

Jasper County, Mississippi**Exhibit 3-1**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total fund balances for governmental funds	\$ 10,011,860
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$13,472,223.	17,748,263
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	142,641
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,350,172)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(38,169)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,763,908
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	2,053,386
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,586,247)</u>
Net position of governmental activities	<u><u>\$ 12,745,470</u></u>

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

Jasper County, Mississippi**Exhibit 4**

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

	Major Funds			
	General	Economic	Other	Total
	Fund	Development	Governmental	Governmental
		Trust Fund	Funds	Funds
Revenues				
Property taxes	\$ 7,593,863		3,835,916	11,429,779
Road and bridge privilege taxes			178,764	178,764
Licenses, commissions and other revenue	209,654			209,654
Fines and forfeitures	235,337		3,275	238,612
Intergovernmental revenues	748,857		3,780,797	4,529,654
Charges for services	5,687		190,194	195,881
Interest income	39,786	49,956	11,764	101,506
Miscellaneous revenues	39,571	14,750	458,449	512,770
Total Revenues	8,872,755	64,706	8,459,159	17,396,620
Expenditures				
Current:				
General government	3,685,510		18,804	3,704,314
Public safety	2,290,591		724,866	3,015,457
Public works			6,960,807	6,960,807
Health and welfare	268,709			268,709
Culture and recreation			23,918	23,918
Conservation of natural resources	46,371			46,371
Economic development and assistance		50,000	983,291	1,033,291
Debt service:				
Principal	344,867	37,081	1,370,661	1,752,609
Interest	6,446	12,641	217,403	236,490
Total Expenditures	6,642,494	99,722	10,299,750	17,041,966
Excess (Deficiency) of Revenues over (Under) Expenditures	2,230,261	(35,016)	(1,840,591)	354,654
Other Financing Sources (Uses)				
Capital lease receivable issued		(550,000)		(550,000)
Long-term capital debt issued	22,979		813,515	836,494
Proceeds from sale of capital assets			238,388	238,388
Transfers in	46,000		1,503,118	1,549,118
Transfers out	(589,586)		(1,359,532)	(1,949,118)
Lease principal payments		285,471		285,471
Total Other Financing Sources (Uses)	(520,607)	(264,529)	1,195,489	410,353
Net Changes in Fund Balances	1,709,654	(299,545)	(645,102)	765,007
Fund Balances - Beginning	4,222,041	707,072	4,317,740	9,246,853
Fund Balances - Ending	\$ 5,931,695	407,527	3,672,638	10,011,860

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

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

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

	<u>Amount</u>
Net changes in fund balances - total governmental funds	\$ 765,007
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 depreciation of \$1,302,153 exceeded capital outlays of \$774,016 in the current period.	(528,137)
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 \$110,833 and the proceeds from the sale of \$238,388 in the current period.	(127,555)
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.	86,248
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,752,609 exceeded debt proceeds of \$836,494.	916,115
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in compensated absences liability	14,846
Decrease in accrued interest payable	11,028
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the difference between the issuance of capital leases of \$550,000 and the principal collections on the capital leases of \$285,471.	264,529
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,261,646)
Recording of contributions made during the measurement period	<u>659,934</u>
Change in net position of governmental activities	\$ <u>800,369</u>

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

Jasper County, Mississippi
Statement of Net Position - Proprietary Fund
September 30, 2015

Exhibit 5

	Business-type Activities - Enterprise Fund Solid Waste Fund
Assets	
Current assets:	
Cash	\$ 203,278
Accounts receivable (net of allowance for uncollectibles of \$957,235)	239,309
Total Current Assets	<u>442,587</u>
Noncurrent assets:	
Other capital assets, net	1,477
Total Noncurrent Assets	<u>1,477</u>
Total Assets	<u>444,064</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	45,547
Total Deferred Outflows of Resources	<u>45,547</u>
Liabilities	
Current liabilities:	
Claims payable	85,995
Due to other funds	11,375
Advances from other funds	181,884
Total Current Liabilities	<u>279,254</u>
Noncurrent liabilities:	
Non-capital debt:	
Compensated absences payable	715
Net Pension Liability	234,373
Total Noncurrent Liabilities	<u>235,088</u>
	<u>514,342</u>
Net Position	
Net investment in capital assets	1,477
Unrestricted	(26,208)
Total Net Position	<u>\$ (24,731)</u>

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

Jasper County, Mississippi**Exhibit 6**

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

	Business-type Activities - Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 861,215
Total Operating Revenues	<u>861,215</u>
Operating Expenses	
Personal services	131,089
Pension expense	27,985
Contractual services	1,053,362
Materials and supplies	18,316
Indirect administrative cost	11,375
Total Operating Expenses	<u>1,242,127</u>
Operating Income (Loss)	<u>(380,912)</u>
Net Income (Loss) Before Transfers	<u>(380,912)</u>
Transfers in	<u>400,000</u>
Changes in Net Position	<u>19,088</u>
Net Position - Beginning, as previously reported	131,771
Prior period adjustment	<u>(175,590)</u>
Net Position - Beginning, as restated	<u>(43,819)</u>
Net Position - Ending	<u>\$ (24,731)</u>

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

Jasper County, Mississippi
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 881,887
Payments to suppliers	(1,077,252)
Payments to employees	(160,939)
Net Cash Provided (Used) by Operating Activities	<u>(356,304)</u>
Cash Flows From Noncapital Financing Activities	
Operating transfers in	400,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>400,000</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 43,696
 Cash and Cash Equivalents at Beginning of Year	 159,582
 Cash and Cash Equivalents at End of Year	 \$ <u><u>203,278</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(380,912)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	20,672
(Increase) decrease in deferred outflows of resources	(45,547)
Increase (decrease) in claims payable	(17,395)
Increase (decrease) in net pension liability	58,783
Increase (decrease) in compensated absences liability	(442)
Increase (decrease) in advances from other funds	7,956
Increase (decrease) in unearned revenue	(2,838)
Increase (decrease) in interfund payables	3,419
Total Adjustments	<u>24,608</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(356,304)</u></u>

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

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

Exhibit 8

	Agency Funds
Assets	
Cash	\$ 292,756
Due from other funds	8,000
Total Assets	<u>300,756</u>
Liabilities	
Intergovernmental payables	286,756
Advances from other funds	14,000
Total Liabilities	<u>\$ 300,756</u>

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

Jasper County, Mississippi

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

Jasper County, Mississippi

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

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

- Jasper General Hospital

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

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

B. Individual Component unit Disclosures

Blended Component Units

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

Jasper County, Mississippi

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

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

C Basis of Presentation

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

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Jasper County, Mississippi

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

Jasper County, Mississippi

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

The County reports the following major Governmental Funds:

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

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

The County reports the following major Proprietary fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Enterprise 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 TYPES

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

Jasper County, Mississippi

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

E. Account Classifications

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

F. Deposits

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

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

G. Receivables

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

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Jasper County, Mississippi

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

I. Capital Assets

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

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

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

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

Jasper County, Mississippi

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

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

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

J. Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows as follows:

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

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

Jasper County, Mississippi

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

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

K. Pensions

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

L. Long-term Liabilities

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

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

M. Equity Classifications

Government-wide Financial Statements:

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

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvements of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Jasper County, Mississippi

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

Jasper County, Mississippi

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues

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

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

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

O. Intergovernmental Revenues in Governmental Funds

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

Jasper County, Mississippi

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

P. Compensated absences

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

Q. Changes in Accounting Standards

Jasper County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of October 1, 2014, has been restated. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustment

Exhibit 2 - Statement of Activities

Governmental Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	\$
Net pension liability (09-30-14)	(8,193,929)
Deferred outflows - contributions made during fiscal year 2014	<u>262,780</u>
Total prior period adjustment related to GASB 68 and 71	(7,931,149)
2. Adjustments were made to correct some capital asset balances.	<u>(126,246)</u>
Total	\$ <u><u>(8,057,395)</u></u>

Jasper County, Mississippi

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

Exhibit 6 - Statement of Revenues, Expenses and Changes in Net position - Proprietary Fund

Business-Type Activities

Explanation		Amount
1. Implementation of GASB 68 and 71:		\$
Net pension liability (09-30-14)	(181,408)	
Deferred outflows - contributions made during fiscal year 2014	<u>5,818</u>	
Total prior period adjustment related to GASB 68 and 71		<u>(175,590)</u>
Total		\$ <u><u>(175,590)</u></u>

(3) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$10,797,354, and the bank balance was \$11,217,658. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Jasper County, Mississippi

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

(4) Interfund Transactions and Balances

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 11,375
Other Governmental Funds	General Fund	34,931
Agency Funds	General Fund	8,000
Total		<u>\$ 54,306</u>

The General Fund receivable is the amount of indirect costs due from the Solid Waste Fund. The Solid Waste Fund receivable represents the amount of user fees collected but not settled until October 2015. All other receivables represent the tax revenue collected but not settled until October 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 181,884
General Fund	Agency Funds	14,000
Other Governmental Funds	Other Governmental Funds	12,922
Economic Development Trust Fund	Other Governmental Funds	3,241
General Fund	Other Governmental Funds	145,011
Total		<u>\$ 357,058</u>

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

Jasper County, Mississippi

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

C. Transfers In/Out:

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 46,000
Solid Waste Fund	General Fund	400,000
Other Governmental Funds	Other Governmental Funds	1,313,532
Other Governmental Funds	General Fund	146,000
Other Governmental Funds	General Fund	43,586
Total		<u>\$ 1,949,118</u>

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

(5) Intergovernmental Receivables

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

Governmental Activities:

Description	Amount
Legislative Tax Credit	\$ 101,937
Gas Severance Receivable	31,394
State Aid Receivable	16,849
Oil Severance Receivable	179,189
Total	<u>\$ 329,369</u>

Jasper County, Mississippi

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

(6) Capital Assets

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

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 515,179				515,179
Construction in progress	1,910,578				1,910,578
Total non-depreciable capital assets	2,425,757	0	0	0	2,425,757
Depreciable capital assets:					
Infrastructure	12,347,672			(95)	12,347,577
Buildings	5,630,622	272,000			5,902,622
Improvements other than buildings	38,167				38,167
Mobile equipment	5,249,374	446,877	287,334	2,096,912	7,505,829
Furniture and equipment	657,340	23,039	5,000	24,993	700,372
Leased property under capital leases	4,812,373	32,100	399,038	(2,145,273)	2,300,162
Total depreciable capital assets	28,735,548	774,016	691,372	(23,463)	28,794,729
Less accumulated depreciation for:					
Infrastructure	2,525,171	349,335			2,874,506
Buildings	2,366,064	95,503			2,461,567
Improvements other than buildings	30,534				30,534
Mobile equipment	4,004,027	497,954	228,415	1,841,836	6,115,402
Furniture and equipment	491,616	49,375	1,288	25,394	565,097
Leased property under capital leases	3,213,692	309,986	334,114	(1,764,447)	1,425,117
Total accumulated depreciation	12,631,104	1,302,153	563,817	102,783	13,472,223
Total depreciable capital assets, net	16,104,444	(528,137)	127,555	(126,246)	15,322,506
Governmental activities capital assets, net	\$ 18,530,201	(528,137)	127,555	(126,246)	17,748,263

Adjustments were made to, among other things, transfer paid out leased property to its appropriate classification.

Jasper County, Mississippi

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

Business-type activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Depreciable capital assets:					
Mobile equipment	\$ 14,768				14,768
Total depreciable capital assets	14,768	0	0	0	14,768
Less accumulated depreciation for:					
Mobile equipment	13,291				13,291
Total accumulated depreciation	13,291	0	0	0	13,291
Total depreciable capital assets, net	1,477	0	0	0	1,477
Business-type activities capital assets, net	\$ 1,477	0	0	0	1,477

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 65,778
Public safety	181,953
Public works	1,046,555
Health and welfare	1,319
Culture and recreation	6,548
Total depreciation expense	\$ 1,302,153

(7) Claims and Judgments

Risk Financing

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

Jasper County, Mississippi

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

January 1, 2015 to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Operating Leases

As Lessor:

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

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$14,750 for the year ended September 30, 2015. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 14,750
2017	14,750
2018	14,750
2019	14,750
2020	14,750
2021	11,062
Total	<u>\$ 84,812</u>

Jasper County, Mississippi

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

(9) Capital Leases

As Lessor:

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

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

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

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

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

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

Jasper County, Mississippi

Notes to the Financial Statements

For the Year ended September 30, 2015

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

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

As Lessor:

The County leases the following property with a varying terms and options as of September 30, 2015:

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

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2015, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 258,533	46,001
2017	267,565	39,824
2018	274,534	32,855
2019	211,975	27,105
2020	169,822	20,505
2021-2025	581,479	36,091
Total	<u>\$ 1,763,908</u>	<u>202,381</u>

Jasper County, Mississippi

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

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

Classes of Property	Amount
Mobile equipment	\$ 2,229,233
Furniture and equipment	<u>70,929</u>
Total	<u>2,300,162</u>
Less: Accumulated depreciation	<u>1,425,117</u>
Leased Property Under Capital Leases	<u><u>\$ 875,045</u></u>

The following is a schedule by years of the total payments due as of September 30, 2015:

Year Ending September 30,	Principal	Interest
2016	\$ 463,947	10,426
2017	332,835	5,789
2018	240,417	2,455
2019	<u>88,444</u>	<u>512</u>
Total	<u><u>\$ 1,125,643</u></u>	<u><u>19,182</u></u>

Jasper County, Mississippi

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

(10) Long-Term Debt

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
Fire Department G.O. Bonds Series - 2005	\$ 315,000	2.92%	9/2017
General Obligation Road & Bridge Bonds - 2013	610,000	2.75/3.75%	9/2023
District 1 Road & Bridge Bonds, Series 2013	905,000	2.40/2.75%	9/2023
District 2 Road & Bridge Bonds, Series 2013	1,095,000	2.125/2.25%	9/2023
District 3 Road & Bridge Bonds, Series 2013	425,000	2.50/3.50%	6/2023
District 5 Road & Bridge Bonds, Series 2013	770,000	2.875%	6/2023
	<u>4,120,000</u>		
Total General Obligation Bonds	\$ <u>4,120,000</u>		
B. Capital Leases:			
2011 Crown Victorias Sheriff's office	\$ 6,287	2.00%	10/2015
2013 Dodge Ram 1500 Pickup	3,376	1.00%	2/2016
2014 Dodge Charger	16,032	1.00%	9/2017
IBM 720 Computer System	34,732	1.00%	2/2018
CAT Excavator	140,047	1.00%	6/2019
District 1 - 2013 Ford F-150	10,619	1.00%	9/2016
District 1 - Mini Excavator 305E	5,875	1.30%	1/2016
District 1 - John Deere 6430 Tractor	38,317	1.00%	1/2017
District 1 - 2013 Ford F-350 Truck	9,297	1.00%	3/2017
District 1 - 2013 Ford F-750 Truck	36,398	1.18%	7/2018
District 1 - Cab Utility Tractor	26,863	1.00%	8/2019
District 1 - John Deere 6115D Tractor	60,715	1.00%	12/2017
District 1 - John Deere 5100E Tractor	40,808	1.00%	1/2018
District 1 - Asphalt Power	181,841	1.50%	7/2019
District 2 - 2015 Chevy Silverado	32,110	1.25%	8/2019
District 2 - 2011 Ford F-150	2,121	1.96%	12/2015
District 2 - Caterpillar Backhoe Loader	3,301	3.20%	12/2015
District 2 - Mini Excavator 305E	5,876	1.30%	1/2016
District 2 - 2012 Mack Truck	38,973	1.40%	12/2016
District 2 - John Deere 6430 Tractor	38,316	1.00%	1/2017

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

Total Capital Leases	\$ 1,125,643
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Imaging and indexing machine	\$ 15,701	2.00%	11/2016
Negotiable Note	350,000	1.35%	2/2020
Holmac Building	401,192	3.00%	12/2024
MDA CAP Revolving Loan	847,929	2.00%	9/2029
Workforce Training Loan	1,418,084	3.25%	9/2036
Total Other Loans	\$ 3,032,906		

Jasper County, Mississippi

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

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 750,000	111,593	235,707	75,682
2017	775,000	90,044	230,805	71,564
2018	620,000	68,751	233,752	65,923
2019	380,000	53,516	238,543	60,141
2020	385,000	43,833	243,479	54,212
2021 - 2025	1,210,000	68,226	909,128	188,468
2026 - 2030			692,889	67,563
2031 - 2035			244,321	13,051
2036			4,282	7
Total	\$ 4,120,000	435,963	3,032,906	596,611

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 0.84% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 4,845,000		725,000	4,120,000	750,000
Capital leases	1,307,085	486,494	667,936	1,125,643	463,947
Other loans	3,042,579	350,000	359,673	3,032,906	235,707
Compensated absences	86,469		14,846	71,623	
Total	\$ 9,281,133	836,494	1,767,455	8,350,172	1,449,654

Business-type Activities:

Compensated absences	\$ 1,157		442	715	
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Jasper County, Mississippi

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

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

(11) Contingencies

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

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

(12) Joint Ventures

The County participates in the following joint venture:

Jasper County is a participant with Clarke County in a joint venture authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the East Mississippi Regional Library System (Regional Library). The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five member board. The two counties rotate board appointments so that each county has a majority of board members in alternate years. Each county is obligated by contract to levy not less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. For the fiscal year 2015, Jasper County contributed \$130,000. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

(13) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

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

Jasper County, Mississippi

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

East Central Mississippi Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Jasper County Board of Supervisors appoints one of the fifteen members of the board of directors. The County appropriated \$14,434 for the support of the district in fiscal year 2015.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Jasper County Board of Supervisors appoints two of the twenty members of the college board of trustees. The County appropriated \$607,107 for maintenance for maintenance and support of the college in fiscal year 2015.

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies, and related programs authorized by federal law. The Jasper County Board of Supervisors appoints one of the twenty-four members of the board of directors. Most of the funding for the entity is derived from federal funds. The County pays a modest amount of the agency's monthly bills. The County appropriated \$20,000 for support in fiscal year 2015.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Jasper County Board of Supervisors appoints one of the nine members of the board commissioners. The County appropriated \$35,862 for support of the commission in fiscal year 2015.

(14) Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of

Jasper County, Mississippi

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

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

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$702,558, \$656,637, and \$602,133, respectively. The contributions for each year met the required contributions.

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

At September 30, 2015, the County reported a liability of \$10,820,620 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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. At June 30, 2015, the County's proportion was 0.070000 percent, which was an increase of 0.001492 percent from its proportion measured as of June 30, 2014.

Jasper County, Mississippi

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

For the year ended September 30, 2015, the County recognized pension expense of \$1,289,631. At September 30, 2015 the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 166,524
Net difference between projected and actual earnings on pension plan investments	633,122
Change of assumptions	932,160
Changes in proportion and differences between the County's contributions and proportionate share of contributions	82,183
County contributions subsequent to the measurement date	<u>284,944</u>
Total	<u>\$ 2,098,933</u>

\$284,944 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2016	\$ 592,423
2017	592,423
2018	470,863
2019	<u>158,280</u>
Total	<u>\$ 1,813,989</u>

Jasper County, Mississippi

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

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

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

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

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

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

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

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

Jasper County, Mississippi

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 14,262,568	\$ 10,820,620	\$ 7,964,446

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

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$2,513,985) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$278,772 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, 2016. The \$1,774,614 balance of the deferred outflow of resources related to pensions at September 30, 2015, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of (\$2,513,985) includes the effect of recognition of deferring the recognition of revenue resulting from capital lease interest. The \$202,381 balance of deferred inflows of resources at September 30, 2015, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

Jasper County, Mississippi

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

The business-type activities' unrestricted net position amount of (\$26,208) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$6,172 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, 2016. The \$39,375 balance of the deferred outflow of resources related to pensions at September 30, 2015, will be recognized in pension expense over the next 4 years.

(16) Subsequent Events

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

The County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/13/2015	1.65%	\$ 116,325	Capital Lease	Ad Valorem Taxes
11/24/2015	1.20%	31,179	Capital Lease	Ad Valorem Taxes
4/28/2016	1.50%	36,104	Capital Lease	Ad Valorem Taxes
4/28/2016	1.75%	68,001	Capital Lease	Ad Valorem Taxes
5/31/2016	1.70%	195,800	Capital Lease	Ad Valorem Taxes
7/12/2016	1.70%	32,636	Capital Lease	Ad Valorem Taxes
7/26/2016	1.44%	63,667	Capital Lease	Ad Valorem Taxes
7/26/2016	1.44%	60,358	Capital Lease	Ad Valorem Taxes
7/26/2016	1.44%	58,900	Capital Lease	Ad Valorem Taxes
7/26/2016	1.44%	60,358	Capital Lease	Ad Valorem Taxes
11/22/2016	1.50%	135,151	Capital Lease	Ad Valorem Taxes
1/1/2017	1.69%	33,026	Capital Lease	Ad Valorem Taxes

Jasper County, Mississippi

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

3/3/2017	1.75%	35,950	Capital Lease	Ad Valorem Taxes
8/24/2017	1.98%	39,167	Capital Lease	Ad Valorem Taxes
9/29/2017	1.89%	53,905	Capital Lease	Ad Valorem Taxes
9/29/2017	1.69%	39,500	Capital Lease	Ad Valorem Taxes
9/29/2017	1.49%	65,500	Capital Lease	Ad Valorem Taxes
2/6/2018	1.89%	86,500	Capital Lease	Ad Valorem Taxes
2/23/2018	2.49%	159,850	Capital Lease	Ad Valorem Taxes
5/9/2018	2.99%	350,000	Capital Lease	Ad Valorem taxes
7/23/2018	2.99%	300,000	Other Loan	Ad Valorem Taxes
7/23/2018	2.99%	300,000	Other Loan	Ad Valorem Taxes
7/23/2018	2.99%	300,000	Other Loan	Ad Valorem Taxes
8/24/2018	2.94%	106,059	Capital Lease	Ad Valorem Taxes
12/27/2018	3.19%	114,380	Capital Lease	Ad Valorem Taxes

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Jasper County, Mississippi

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 7,231,517	\$ 7,597,033	\$ 7,597,033	\$ -
Licenses, commissions and other revenue	117,800	203,804	203,804	-
Fines and forfeitures	152,500	175,575	175,575	-
Intergovernmental revenues	1,160,900	810,778	810,778	-
Charges for services	10,000	5,687	5,687	-
Interest income	16,500	39,858	39,858	-
Miscellaneous revenues	50,000	227,754	227,754	-
Total Revenues	<u>8,739,217</u>	<u>9,060,489</u>	<u>9,060,489</u>	<u>-</u>
Expenditures				
General government	4,682,566	3,697,737	3,697,737	-
Public safety	2,732,492	2,370,277	2,370,277	-
Health and welfare	612,089	264,327	264,327	-
Culture and recreation	41,683	26	26	-
Conservation of natural resources	62,744	46,201	46,201	-
Debt service expenditures		351,313	351,313	-
Total Expenditures	<u>8,131,574</u>	<u>6,729,881</u>	<u>6,729,881</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>607,643</u>	<u>2,330,608</u>	<u>2,330,608</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	(1,030,000)	(588,500)	(588,500)	-
Other financing sources		187,124	187,124	-
Total Other Financing Sources (Uses)	<u>(1,030,000)</u>	<u>(401,376)</u>	<u>(401,376)</u>	<u>-</u>
Net Change in Fund Balance	<u>(422,357)</u>	<u>1,929,232</u>	<u>1,929,232</u>	<u>-</u>
Fund Balances - Beginning	<u>5,126,488</u>	<u>5,126,488</u>	<u>5,126,488</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,704,131</u>	<u>\$ 7,055,720</u>	<u>\$ 7,055,720</u>	<u>\$ -</u>

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

Jasper County, Mississippi
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Economic Development Trust Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Charges for services	\$ 14,750	\$ 14,750	\$ 14,750	\$ -
Total Revenues	<u>14,750</u>	<u>14,750</u>	<u>14,750</u>	<u>-</u>
Expenditures				
Debt service expenditures	<u>208,222</u>	<u>49,722</u>	<u>49,722</u>	<u>-</u>
Total Expenditures	<u>208,222</u>	<u>49,722</u>	<u>49,722</u>	<u>-</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(193,472)</u>	<u>(34,972)</u>	<u>(34,972)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	(150,000)	(50,000)	(50,000)	-
Other financing sources	<u>319,243</u>			-
Total Other Financing Sources (Uses)	<u>169,243</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(24,229)</u>	<u>(84,972)</u>	<u>(84,972)</u>	<u>-</u>
Fund Balances - Beginning		<u>665,171</u>	<u>703,831</u>	<u>38,660</u>
Fund Balances - Ending	<u>\$ (24,229)</u>	<u>\$ 580,199</u>	<u>\$ 618,859</u>	<u>\$ 38,660</u>

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

Jasper County, Mississippi

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

For the Year Ended September 30, 2015

PERS

Last 10 Fiscal Years*

	2015	2014
County's proportion of the net pension liability (asset)	\$ 10,820,620	\$ 8,375,337
County's proportionate share of the net pension liability (asset)	0.070000%	0.069000%
County's covered - employee payroll	\$ 4,387,816	\$ 4,184,298
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	246.61%	200.16%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 06/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statemment 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.

Jasper County, Mississippi
Schedule of the County's Contributions
For the Year Ended September 30, 2015
PERS
Last 10 Fiscal Years*

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statemment 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.

Jasper County, Mississippi

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

Budgetary Comparison Schedules

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

Jasper County, Mississippi

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

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

	<u>Governmental Funds</u>	
	<u>General Fund</u>	<u>Economic Development Trust Fund</u>
Budget (Cash Basis)	\$ 1,929,232	(84,972)
Increase (Decrease)		
Net adjustments for revenue accruals	(54,223)	(214,573)
Net adjustments for expenditure accruals	<u>(165,355)</u>	<u></u>
GAAP Basis	<u>\$ 1,709,654</u>	<u>(299,545)</u>

Pension Schedules

A. Change of Benefit Terms

None

B. Change of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.5% to 3% and 8% to 7.75%, respectively.

OTHER INFORMATION

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

Name	Position	Company	Bond
Eddie Helms	Supervisor District 1	RLI Insurance	\$ 100,000
Sandy Stephens	Supervisor District 2	RLI Insurance	\$ 100,000
Doug Rogers	Supervisor District 3	RLI Insurance	\$ 100,000
Johnny Rowell	Supervisor District 4	RLI Insurance	\$ 100,000
Curtis Gray, Sr.	Supervisor District 5	RLI Insurance	\$ 100,000
Barbara Ravenhorst	Chancery Clerk	RLI Insurance	\$ 100,000
Sherrie Campbell	Purchase Clerk	RLI Insurance	\$ 75,000
Ruth Regions	Receiving Clerk	RLI Insurance	\$ 75,000
Kawana Cox	Receiving Clerk	Western Surety	\$ 75,000
Frederick Campbell	Assistant Receiving Clerk	RLI Insurance	\$ 50,000
Billy King	Assistant Receiving Clerk	RLI Insurance	\$ 50,000
Robert Triplett	Assistant Receiving Clerk	RLI Insurance	\$ 50,000
Andrew Craft	Assistant Receiving Clerk	RLI Insurance	\$ 50,000
Tina Gavin	Inventory Control Clerk	RLI Insurance	\$ 75,000
Gregory Terrell	Constable	RLI Insurance	\$ 50,000
Keith Barlow	Constable	RLI Insurance	\$ 50,000
Billy Rayner	Circuit Clerk	RLI Insurance	\$ 100,000
Mary Thigpen	Deputy Circuit Clerk	RLI Insurance	\$ 50,000
Teresa Jones	Deputy Circuit Clerk	RLI Insurance	\$ 50,000
Terry Stevens	Deputy Circuit Clerk	RLI Insurance	\$ 50,000
Dana Lewis	Deputy Circuit Clerk	RLI Insurance	\$ 50,000
Christopher Sargent	Sheriff	RLI Insurance	\$ 100,000
William Paul Spurlin	Deputy Sheriff	RLI Insurance	\$ 50,000
Frank Spurlin	Deputy Sheriff	RLI Insurance	\$ 50,000
Dexmand Cooley	Deputy Sheriff	RLI Insurance	\$ 50,000
Terrance McGill	Deputy Sheriff	RLI Insurance	\$ 50,000
Barry C. Gregg	Deputy Sheriff	RLI Insurance	\$ 50,000
Cynthia Robertson	Deputy Sheriff	RLI Insurance	\$ 50,000
Phillip McCreary	Deputy Sheriff	RLI Insurance	\$ 50,000
Christopher Thompson	Deputy Sheriff	RLI Insurance	\$ 50,000
Brent Jacob Welch	Deputy Sheriff	RLI Insurance	\$ 50,000
Styron Keller	Deputy Sheriff	RLI Insurance	\$ 50,000
Robert L. Morris	Deputy Sheriff	RLI Insurance	\$ 50,000
Kolby Waldrop	Deputy Sheriff	RLI Insurance	\$ 50,000
Marcus Arrington	Deputy Sheriff	Western Surety	\$ 50,000
Justin Gressett	Deputy Sheriff	RLI Insurance	\$ 50,000
Andrew Richardson	Deputy Sheriff	RLI Insurance	\$ 50,000
Chris McCullough	Deputy Sheriff	RLI Insurance	\$ 50,000
Joe Stringer	Deputy Sheriff	Western Surety	\$ 50,000
Brandon A. Johnson	Deputy Sheriff	Western Surety	\$ 50,000
Cornell White	Deputy Sheriff	RLI Insurance	\$ 50,000
Craig Campbell	Deputy Sheriff	RLI Insurance	\$ 50,000
Charles Woodrick	Deputy Sheriff	RLI Insurance	\$ 50,000
Cecil J. Gressett	Deputy Sheriff	RLI Insurance	\$ 50,000
Larry A. Hayes	Deputy Sheriff	RLI Insurance	\$ 50,000
Kirk Thornton	Deputy Sheriff	RLI Insurance	\$ 50,000
Thomas Ray Saul	Deputy Sheriff	RLI Insurance	\$ 50,000
Jeremy Pinson	Deputy Sheriff	RLI Insurance	\$ 50,000
Coty R. Blakeney	Deputy Sheriff	RLI Insurance	\$ 50,000
R.H. Stockman III	Deputy Sheriff	RLI Insurance	\$ 50,000
Andrew Spurlin	Deputy Sheriff	RLI Insurance	\$ 50,000
James L. Smith, Jr	Deputy Sheriff	RLI Insurance	\$ 50,000
Sullivan Dukes, Jr	Justice Court Judge	RLI Insurance	\$ 50,000
Joseph Marvin Jones	Justice Court Judge	RLI Insurance	\$ 50,000
Lydia Pittman	Justice Court Clerk	RLI Insurance	\$ 50,000
Rebecca Gavin	Deputy Justice Court Clerk	RLI Insurance	\$ 50,000
Ruthie Brown	Deputy Justice Court Clerk	RLI Insurance	\$ 50,000
Mary Stewart	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Stephen C. Breland	Deputy Justice Court Clerk	RLI Insurance	\$ 50,000
Pattie Ishee	Tax Assessor - Collector	RLI Insurance	\$ 100,000
Melanie Sullivan	Deputy Tax Collector	RLI Insurance	\$ 50,000
Angelia McCain	Deputy Tax Collector	RLI Insurance	\$ 50,000
Kacie Breland	Deputy Tax Collector	RLI Insurance	\$ 50,000
Kathy Phillips	Deputy Tax Collector	RLI Insurance	\$ 50,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Jasper County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jasper County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2015-001, 2015-002, 2015-003, 2015-004, 2015-005 and 2015-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2015-007, 2015-008, 2015-009 and 2015-010 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as Findings 2015-001, and 2015-002.

We also noted certain matters which we have reported to the management of Jasper County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 28, 2018, included within this document.

Jasper County's Responses to the Findings

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Jasper County, Mississippi

We have examined Jasper County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Jasper County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

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

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

Inventory Control Clerk.

Inadequate controls over the inventory control system.

Finding

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

1. Infrastructure improvements are not being recorded by the County for current fiscal year activity. In addition projects are not being routinely evaluated to determine whether projects should be capitalized or expensed as routine maintenance.
2. Depreciation is calculated incorrectly on numerous assets. Some of these assets have been transferred between funds or departments with the transfer starting the depreciation expense process over again.
3. Construction in progress was not recorded in the current fiscal year. This includes items such as a parking lot / sidewalk project along with a building project from the Workforce Development Bond Proceeds fund. Project cost traced to accounting records for fiscal year 2015 totaled \$544,337.64 for the parking lot / sidewalk project and \$583,933.26 for the building project.
4. Prior period adjustment of \$126,246 not reflected in current year capital asset listing.
5. A purchase totaling \$348,693 in the E-911 fund for E-911 upgrades was not recorded in the capital assets listing.
6. Three items were noted in the detailed general ledger to be traced to capital asset records. Items 3 and 5 listed above were not recorded. The only item traced to the detailed general ledger was a 2014 Chevrolet Silverado (\$27,192) purchased by District 3 Road Fund.

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

Recommendation:

The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, valuation and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines.

Inventory Control Clerk's Response:

This has been corrected with new inventory clerk.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Jasper County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2018

Certified Public Accountants

Jasper County, Mississippi

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

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

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

Schedule 2

Our test results did not identify any emergency purchases.

Jasper County, Mississippi

Schedule 3

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

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

**LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors
Jasper County, Mississippi

In planning and performing our audit of the financial statements of Jasper County, Mississippi for the year ended September 30, 2015, we considered Jasper County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jasper County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 28, 2018, on the financial statements of Jasper County, Mississippi.

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

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

Board of Supervisors.

1. County should install network banners on its internal network.

Finding

As reported in the prior two audits, the information system did not display appropriate network banners on its internal network. Network banners are electronic messages that provide notice of legal rights to users of computer networks. Bannering assists in the prosecution of computer related incidents by helping prevent certain defenses made by the perpetrator.

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

Recommendation

We recommend that Jasper County implement appropriate network banners on its internal network

Board of Supervisors' Response

We have talked to our IT contractor, but will have him to do soon.

Board of Supervisors and Information Technology Department.

2. County should establish and test a disaster recovery process.

Finding

As reported in the prior two audits, the County has not established a disaster recovery process. As a result, Jasper County cannot fully ensure that the County's information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobIT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to recreate.

Jasper County is currently creating backup files, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalate the longer an exposure goes unmitigated.

Recommendation

We recommend that Jasper County develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of a disaster scenario. In order to do this, it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the process necessary to create the various types of backups and the responsibilities of the various parties involved, including County personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved. We also recommend that the County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be

subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

This has been discussed with IT person and a new back up system installed in the Sheriff's Department. But no written plan exist right now. We will work on.

3. County needs to replace obsolete computer hardware and software.

Finding

As reported in the prior two audits, Jasper County is running operating systems as well as applications on some of its personal computer (PC's) that might not be supported by vendors. Due to lack of such support, these systems could become vulnerable to hackers and malware such as viruses.

Recommendation

We recommend that Jasper County develop a plan to replace the operating systems, applications, and hardware where necessary that is associated with lack of support from vendors as soon as possible. Computers that originally came loaded with operating systems or applications that are no longer supported by vendors will have hardware that most likely cannot run the newest operating systems or applications, thereby requiring replacement of hardware, operating systems and applications in many cases.

Board of Supervisors' Response

These have been all replaced.

4. County should strengthen passwords and set all individual passwords to expire on a periodic basis.

Finding

During our review, we noted jasper County is using some parameters associated with password strength that meet industry standard best practices. However, The County has some password parameters that do not meet these standards, thereby creating unnecessary risk for County information assets. Also, security settings revealed that users' passwords were not set to expire. All passwords should be set to expire in accordance with a policy to be determined by the County.

Recommendation

We recommend that Jasper County improve its password strength by changing password

parameters to comply with password management best practices and industry standards. Also, we recommend that a policy be implemented to ensure all passwords expire on a regular basis. In addition, Jasper County should conduct access reviews for information assets on a periodic basis (at least annually). Documentation of these reviews should be signed by the person conducting them and retained for review by auditors.

Board of Supervisors' Response

We will try to address this but it is a hard issue to resolve due to employees, software and various other factors.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 28, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Jasper County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2015

Section I: Summary of Auditor's Results

Financial Statements:

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

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

2. Internal control over financial reporting:

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

3. Noncompliance material to financial statements noted? Yes.

Section II: Financial Statement Findings

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

Finding 2015-001

Board of Supervisors

Material Weakness and Material Noncompliance

Criteria:

Generally accepted accounting principles require the financial data of the County's discretely presented 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 of the legally separate component units.

Condition:

As reported in prior audit reports, the County's financial statements do not include the financial data of the legally separate component units.

Cause:

Management chooses to omit this information.

Effect:

The Independent Auditor's Report opinion issued on the discretely presented component units is adverse because of the failure of the County to include this information alongside the financial data of the County's primary government. This resulted in the failure to properly follow generally accepted accounting principles.

Recommendation:

The Board of Supervisors should provide the financial data for its discretely presented component units for inclusion in the County's financial statements.

Board of Supervisor's Response:

The Board of Supervisors will consider adding these to financials.

Finding 2015-002

Board of Supervisors

Material Weakness and Material Noncompliance

Criteria:

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

Condition:

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

1. Infrastructure improvements are not being recorded by the County for current fiscal year activity. In addition, projects are not being routinely evaluated to determine whether projects should be capitalized or expensed as routine maintenance.
2. Depreciation is calculated incorrectly on numerous assets. Some of these assets have been transferred between funds or departments with the transfer starting the depreciation expense process over again.
3. Construction in progress was not recorded in the current fiscal year. This includes items such as a parking lot / sidewalk project along with a building project from the Workforce Development Bond Proceeds fund. Project cost traced to accounting records for fiscal year 2015 totaled \$544,337.64 for the parking lot / sidewalk project and \$583,933.26 for the building project.
4. Prior period adjustment of \$126,246 not reflected in current year capital asset listing.
5. A purchase totaling \$348,693 in the E-911 fund for E-911 upgrades was not recorded in the capital assets listing.

6. Three items were noted in the detailed general ledger to be traced to capital asset records. Items 3 and 5 listed above were not recorded. The only item traced to the detailed general ledger was a 2014 Chevrolet Silverado (\$27,192) purchased by District 3 Road Fund.

Cause:

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

Effect:

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

Recommendation:

The inventory Control Clerk should implement appropriate control procedures to ensure that all items are recorded, valued properly and classified properly in the County's capital asset records. The information listed in the County's capital asset records should be reconciled by all involved department heads through an annual inventory to ensure records are accurate and complete. Audit adjustments have been proposed to management to correct these discrepancies. They have been made to the financial statements with management's approval.

Board of Supervisor's Response:

This has been corrected with new inventory clerk.

Finding 2015-003

Board of Supervisors

Material Weakness

Criteria:

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

Condition:

As reported in the prior two audits, the bookkeeper receipts process and bond fees, prepares bank deposits, takes deposits to the bank, post receipts to the cash journal, prepares bank reconciliations and prepares the monthly settlement of fees to the County.

Cause:

The Sheriff's office internal control are not strong enough.

Effect:

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

Recommendation:

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

Board of Supervisor's Response:

Segregation of duties is difficult due to the limited amount of employees in the Sheriff's Department. An effort will be made to separate as much as possible.

Finding 2015-004

Justice Court Clerk

Material Weakness

Criteria:

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

Condition:

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

Cause:

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

Effect:

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

Recommendation:

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

Justice Court Clerk's Response:

Due to a shortage of employees it is impossible to adequately segregate duties. We will try to separate duties enough to control cash.

Finding 2015-005

Board of Supervisors

Material Weakness

Criteria:

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

reconciliation of the bank account to the solid waste records.

Condition:

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

Cause:

Inaction.

Effect:

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

Recommendation:

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

Board of Supervisor's Response:

The County has established procedures to ensure that the records are reconciled to the bank statement along with the County's general ledger.

Finding 2015-006

Board of Supervisors

Material Weakness

Criteria:

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

Condition:

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

Cause:

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

Effect:

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

Recommendation:

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

Board of Supervisor's Response:

Changes are being made to segregate duties but again a shortage of employees cannot let it be ideal.

Finding 2015-007

Board of Supervisors

Significant Deficiency

Criteria:

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

Condition:

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

Cause:

Exclusion of written policy in the policies and Procedures handbook.

Effect:

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

Recommendation:

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

Board of Supervisor's Response:

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

Auditor's Response:

Jasper County now has a written policy pertaining to fraud prevention located within its Employee Handbook.

Finding 2015-008

Board of Supervisors

Significant Deficiency

Criteria:

The County is currently using an automated system to perform daily back ups of the AS400. Proper protocol regarding record retention is that backup records should be stored offsite in the event records are lost through an event or disaster.

Condition:

As reported in the prior audit, the County made backup tapes of their vital records but did not store them in an offsite location.

Cause:

The County simply did not use offsite storage of their vital records.

Effect:

Without proper offsite storage of backup files and applications, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation:

We recommend that the County implement a plan to ensure that all backup files are taken offsite on a regular basis and stored in a safe and secure location. This process should be documented in the County's Disaster Recovery plan. With close proximity of a bank, it would be convenient and safe to place the backup tapes in the night deposit drop and then place them in a safe deposit box the next day. It is further recommended that tapes be kept at the bank for several days (e.g., two weeks), in case of a disaster situation that required recovery and problem in reading recovery tapes were experienced.

Board of Supervisor's Response:

A system of back up has been established in Sheriff's Department to do daily backups.

Finding 2015-009

Board of Supervisors

Significant Deficiency

Criteria:

A robust set of information technology policies should cover at least the following areas:

- Acceptable Use
- Portable Computing

- Change Management
- Encryption
- Security Incident Response
- Risk Management
- Backup and Recovery
- Business Continuity/Disaster Recovery

Condition:

As reported in the prior two audits, the County has not adopted a formal information security policy or enterprise security plan.

Cause:

None.

Effect:

The lack of a formal information security policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol.

Recommendation:

We recommend that Jasper County create a plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by the County Board of Supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Board of Supervisor's Response:

We will work in this policy.

Finding 2015-010

Board of Supervisors

Significant Deficiency

Criteria:

An effective system of internal control should include the reconciliation of Sheriff fee collections posted in the subsidiary cash journal with the reconciliation of the bank statement.

Condition:

Reconciled bank statements did not match cash journal running totals.

Cause:

Bank statement reconciliations were not provided by the former Sheriff.

Effect:

Failure to reconcile accounting records could result in the loss or misappropriation of public funds. Settlements could not be determined as to their completeness and accuracy.

Recommendation:

The Sheriff should ensure reconciled bank statements are available and match monthly running totals on the cash journals. The completeness of these records should ensure accurate monthly fund settlements are made to the proper entities.

Board of Supervisor's Response:

New office personnel is balancing and doing proper entities and reports.