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

Fortenberry & Ballard, PC
Certified Public Accountants

Jefferson County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jefferson 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 Jefferson County, Mississippi (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

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

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the County's Proportionate Share of the Net Pension Liability, Schedule of County 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

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of Jefferson 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 Jefferson County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
July 15, 2024

Certified Public Accountants

FINANCIAL STATEMENTS

JEFFERSON COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 2,432,688		2,432,688
Restricted assets investments		1,067,467	1,067,467
Restricted cash with fiscal agent	299,558		299,558
Property tax receivable	2,855,599		2,855,599
Accounts receivable (net of allowance for uncollectibles of \$578,583)	146,178		146,178
Fines receivable (net of allowance for uncollectibles of \$896,805)	253,739		253,739
Loans receivable	41,000		41,000
Intergovernmental receivables	36,464		36,464
Other receivables	12,278	189,447	201,725
Internal balances	292,006	(292,006)	-
Capital assets:			
Land and construction in progress	1,897,424	235,000	2,132,424
Other capital assets, net	5,307,290	2,342,049	7,649,339
Total Assets	13,574,224	3,541,957	17,116,181
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,205,750	827,762	2,033,512
Total Deferred Outflows of Resources	1,205,750	827,762	2,033,512
LIABILITIES			
Claims payable	230,655	73,908	304,563
Intergovernmental payables	287,345		287,345
Amounts held in custody for others	388,961		388,961
Short-term debt	1,500,000		1,500,000
Long-term liabilities			
Due within one year:			
Capital debt	150,000		150,000
Due in more than one year:			
Capital debt	3,365,000		3,365,000
Non-capital debt	156,485	94,895	251,380
Net pension liability	5,362,907	3,653,694	9,016,601
Total Liabilities	11,441,353	3,822,497	15,263,850
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	115,564	81,555	197,119
Property tax for future reporting period	2,855,599		2,855,599
Total Deferred Inflows of Resources	2,971,163	81,555	3,052,718
NET POSITION			
Net investment in capital assets	3,689,714	2,577,049	6,266,763
Restricted for:			
Expendable:			
General government	399,164		399,164
Public safety	295,935		295,935
Public works	4,167,826		4,167,826
Health and welfare	76,362		76,362
Culture and recreation	257,022		257,022
Economic development	335,628		335,628
Debt service	628,529		628,529
Unrestricted	(9,482,722)	(2,111,382)	(11,594,104)
Total Net Position	\$ 367,458	465,667	833,125

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

JEFFERSON COUNTY, MISSISSIPPI

Statement of Activities

For the Year Ended September 30, 2016

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total
		Services	Contributions	Contributions	Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,654,470	336,732			(2,317,738)		(2,317,738)
Public safety	1,205,577	115,072	44,726	44,645	(1,001,134)		(1,001,134)
Public works	997,963	332,047	708,201	21,450	63,735		63,735
Health and welfare	89,029		27,324		(61,705)		(61,705)
Culture and recreation	11,670				(11,670)		(11,670)
Conservation of natural resources	22,911				(22,911)		(22,911)
Economic development and assistance	314				(314)		(314)
Interest on long-term debt	198,157				(198,157)		(198,157)
Pension expense	784,020				(784,020)		(784,020)
Total Governmental Activities	5,964,111	783,851	780,251	66,095	(4,333,914)		(4,333,914)
Business-type activities:							
Jefferson County Correctional Facility	3,040,189	2,929,021				(111,168)	(111,168)
Pension expense	553,289					(553,289)	(553,289)
Total Business-type Activities	3,593,478	2,929,021	-	-		(664,457)	(664,457)
Total Primary Government	\$ 9,557,589	3,712,872	780,251	66,095	(4,333,914)	(664,457)	(4,998,371)
General revenues:							
Property taxes					\$ 3,275,911		3,275,911
Road & bridge privilege taxes					90,372		90,372
Grants and contributions not restricted to specific programs					164,037		164,037
Unrestricted interest income					52,813		52,813
Miscellaneous					713,213	4,040	717,253
Total General Revenues					4,296,346	4,040	4,300,386
Changes in Net Position					(37,568)	(660,417)	(697,985)
Net Position - Beginning, as previously reported					(581,196)	1,122,046	540,850
Prior period adjustment					986,222	4,038	990,260
Net Position - Beginning, as restated					405,026	1,126,084	1,531,110
Net Position - Ending					\$ 367,458	465,667	833,125

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

JEFFERSON COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds					
	General Fund	Garbage and Solid Waste Fund	Countywide Road Maintenance Fund	Bond Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$		70,461	1,146,404	1,215,823	2,432,688
Cash with fiscal agent				299,558		299,558
Property tax receivable	1,917,756	81,303	475,669		380,871	2,855,599
Accounts receivable (net of allowance for uncollectibles of \$578,583)		146,178				146,178
Fines receivable (net of allowance for uncollectibles of \$896,805)	253,739					253,739
Loans receivable					41,000	41,000
Intergovernmental receivables	36,464					36,464
Other receivables	12,278					12,278
Due from other funds		2,242	2,626,102		97,390	2,725,734
Advances to other funds	19,500	3,800	62,800		805,078	891,178
Total Assets	\$ 2,239,737	233,523	3,235,032	1,445,962	2,540,162	9,694,416
LIABILITIES						
Claims payable	\$ 164,780	13,386	25,589		26,900	230,655
Intergovernmental payables	274,563					274,563
Due to other funds	1,773,162	673,348				2,446,510
Advances from other funds	442,282	38,600	172,423		237,873	891,178
Amounts held in custody for others	388,961					388,961
Short-term debt	960,000		540,000			1,500,000
Total Liabilities	\$ 4,003,748	725,334	738,012	-	264,773	5,731,867
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	1,917,756	81,303	475,669		380,871	2,855,599
Unavailable revenue - accounts receivable		146,178				146,178
Unavailable revenue - fines	253,739					253,739
Total Deferred Inflows of Resources	\$ 2,171,495	227,481	475,669	-	380,871	3,255,516
FUND BALANCES:						
Nonspendable:						
Advances	19,500					19,500
Restricted for:						
General government					399,164	399,164
Public safety					295,935	295,935
Public works			2,021,351	1,445,962	700,513	4,167,826
Health and welfare					76,362	76,362
Culture and recreation					257,022	257,022
Economic development and assistance					335,628	335,628
Debt service					628,529	628,529
Unassigned	(3,955,006)	(719,292)			(798,635)	(5,472,933)
Total Fund Balances	\$ (3,935,506)	(719,292)	2,021,351	1,445,962	1,894,518	707,033
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,239,737	233,523	3,235,032	1,445,962	2,540,162	9,694,416

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

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

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

Total fund balances for governmental funds	\$	707,033
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 \$7,153,764.		7,204,714
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts receivable		146,178
Fines receivable		253,739
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(3,671,485)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(5,362,907)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		1,205,750
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		<u>(115,564)</u>
Net Position of governmental activities	\$	<u><u>367,458</u></u>

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

JEFFERSON COUNTY, MISSISSIPPI**Exhibit 4**

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

For the Year Ended September 30, 2016

	Major Funds					Total Governmental Funds
	General Fund	Garbage and Solid Waste Fund	Countywide Road Maintenance Fund	Bond Construction Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 2,313,157	28,424	472,620		461,710	3,275,911
Road and bridge privilege taxes			90,372			90,372
Licenses, commissions and other revenue	128,216				4,227	132,443
Fines and forfeitures	238,341					238,341
Intergovernmental revenues	236,088	24,973	683,228		66,094	1,010,383
Charges for services		304,614			76,103	380,717
Interest income	49,818			2,876	119	52,813
Miscellaneous revenues	399,184		51,723	81,856	180,450	713,213
Total Revenues	<u>3,364,804</u>	<u>358,011</u>	<u>1,297,943</u>	<u>84,732</u>	<u>788,703</u>	<u>5,894,193</u>
EXPENDITURES						
Current:						
General government	2,673,522				110,904	2,784,426
Public safety	1,013,605				288,724	1,302,329
Public works		388,499	983,276	153,492	29,639	1,554,906
Health and welfare	92,191					92,191
Culture and recreation					11,670	11,670
Conservation of natural resources	29,902					29,902
Economic development and assistance					314	314
Debt service:						
Principal	140,000	20,452	94,267		145,000	399,719
Interest	180,418	201	19,638		76,197	276,454
Total Expenditures	<u>4,129,638</u>	<u>409,152</u>	<u>1,097,181</u>	<u>153,492</u>	<u>662,448</u>	<u>6,451,911</u>
Net Changes in Fund Balances	<u>(764,834)</u>	<u>(51,141)</u>	<u>200,762</u>	<u>(68,760)</u>	<u>126,255</u>	<u>(557,718)</u>
Fund Balances - Beginning	(3,170,672)	(668,151)	1,820,589	1,514,722	1,768,263	1,264,751
Fund Balances - Ending	<u>\$ (3,935,506)</u>	<u>(719,292)</u>	<u>2,021,351</u>	<u>1,445,962</u>	<u>1,894,518</u>	<u>707,033</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (557,718)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$792,257 exceeded depreciation expense of \$298,966 in the current period.	493,291
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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.	4,917
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Solid waste 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.	27,433
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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 debt repayments totaling \$203,824.	399,719
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Some items reported in the statement of activities related to the implementation of GASB 68 are not reported as revenues / expenditures in the Governmental Funds. These activities include:

Recording of pension expense for the current year	(784,020)
Recording of contributions made prior to the measurement date	217,124
Recording of contributions made subsequent to the measurement date	79,778

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

The amount of decrease in accrued interest payable	78,297
The amount of decrease in compensated absences	3,611

Change in Net Position of governmental activities	\$ <u><u>(37,568)</u></u>
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The notes to the financial statements are an integral part of these statements.

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

Exhibit 5

		Business-type Activities Enterprise Fund Correctional Facility
ASSETS		
Current assets:		
Restricted assets - investments	\$	1,067,467
Other receivables		189,447
Total Current Assets		<u>1,256,914</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress		235,000
Other capital assets, net		2,342,049
Total Noncurrent Assets		<u>2,577,049</u>
Total Assets		<u>3,833,963</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		827,762
Total Deferred Outflows of Resources		<u>827,762</u>
LIABILITIES		
Current liabilities:		
Claims payable		73,908
Due to other funds		292,006
Total Current Liabilities		<u>365,914</u>
Noncurrent liabilities:		
Non-capital debt:		
Compensated absences payable		94,895
Net pension liability		3,653,694
Total Noncurrent Liabilities		<u>3,748,589</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		81,555
Total Deferred Outflows of Resources		<u>81,555</u>
NET POSITION		
Net investment in capital assets		2,577,049
Unrestricted		(2,111,382)
Total Net Position	\$	<u><u>465,667</u></u>

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

JEFFERSON COUNTY, MISSISSIPPI

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

Exhibit 6

		Business-type Activities Enterprise Fund Correctional Facility
Operating Revenues		
Charges for services	\$	2,929,021
Total Operating Revenues		<u>2,929,021</u>
Operating Expenses		
Personal services		1,982,500
Contractual services		424,453
Materials and supplies		545,625
Depreciation expense		80,211
Pension expense		553,289
Total Operating Expenses		<u>3,586,078</u>
Operating Income (Loss)		<u>(657,057)</u>
Nonoperating Revenues (Expenses)		
Miscellaneous revenues		4,040
Interest expense		<u>(7,400)</u>
Net Nonoperating Revenue (Expenses)		<u>(3,360)</u>
Changes in Net Position		<u>(660,417)</u>
Net Position - Beginning		1,122,046
Prior period adjustments		<u>4,038</u>
Net Position - Beginning, as restated		<u>1,126,084</u>
Net Position - Ending	\$	<u><u>465,667</u></u>

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

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

Exhibit 7

	Business-type Activities Enterprise Fund Correctional Facility
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,965,874
Payments to suppliers	(998,024)
Payments to employees	(2,097,130)
Net Cash Provided (Used) by Operating Activities	(129,280)
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(185,000)
Interest paid on debt	(7,400)
Net Cash Provided (Used) by Capital and Related Financing Activities	(192,400)
Cash Flows From Investing Activities	
Purchase of investment securities	(2,653,468)
Sale of investment securities	2,971,108
Miscellaneous revenues	4,040
Net Cash Provided (Used) by Investing Activities	321,680
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (657,057)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	80,211
(Increase) decrease in other receivables	37,682
(Increase) decrease in deferred outflows related to pensions	(142,600)
Increase (decrease) in claims payable	40,135
Increase (decrease) in interfund payables	23,386
Increase (decrease) in accrued interest payable	(1,850)
Increase (decrease) in compensated absences liability	4,450
Increase (decrease) in deferred inflows related to pensions	81,555
Increase (decrease) in net pension liability	404,808
Total Adjustments	527,777
Net Cash Provided (Used) by Operating Activities	\$ (129,280)

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

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

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 381,226
Due from other funds	12,782
Total Assets	<u>\$ 394,008</u>
LIABILITIES	
Amounts held in custody for others	\$ 43,113
Intergovernmental payables	350,895
Total Liabilities	<u>\$ 394,008</u>

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

Jefferson County, Mississippi

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

Jefferson County, Mississippi

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

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

- Jefferson County Hospital
- Jefferson County Nursing Home

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

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

B. Basis of Presentation

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

Jefferson County, Mississippi

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

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

Jefferson County, Mississippi

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

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

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

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

The County reports the following major Governmental Funds:

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

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

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Bond Construction Fund - This fund is used to account for proceeds from a bond issue that is restricted for capital improvements.

The County reports the following major Enterprise Fund:

Jefferson County, Mississippi

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

Correctional Facility Fund - This fund is used to account for Jefferson's County portion of revenue and expenses dealing with the correctional facility that Jefferson and Franklin County share.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications

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

Jefferson County, Mississippi

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

E. Deposits and Investments

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three month or less). Investments in governmental securities are stated at fair value.

F. Receivables

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

G. Interfund Transactions and Balances

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

H. Restricted Assets

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the County's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because

Jefferson County, Mississippi

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

they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “revenue” fund is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of the trust agreement. The “depreciation and operating reserve” fund is used to pay the costs of major repairs and replacements to the correctional facility the costs or which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The “excess revenue” fund is used to pay the costs of major repairs and replacements to the correctional facility as well as to pay operating and maintenance expense when other funds are insufficient to pay these expenses within established limitations. The “debt service reserve” account is used to report resources set aside to subsidize potential deficiencies from the County’s operation that could adversely affect debt service payments. The “general” account is used to accumulate funds to pay the principal and interest payments due on the County’s enterprise fund revenue bonds. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

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. 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. Jefferson County, Mississippi 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.

Jefferson County, Mississippi

Notes to the Financial Statements

For the Year Ended September 30, 2016

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

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

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

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

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 15 or 16 for additional details.

Jefferson County, Mississippi

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

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

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

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

Unavailable revenues - accounts receivable - 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, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

Jefferson County, Mississippi

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

M. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

Nonspendable fund balance includes 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

Jefferson County, Mississippi

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

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.

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.

Jefferson County, Mississippi

Notes to the Financial Statements

For the Year Ended September 30, 2016

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.

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 financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

Jefferson County, Mississippi

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

(2) Prior Period Adjustments

A summary of the significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities

Explanation	Amount
To correct prior year errors in capital assets.	\$ <u>986,222</u>

Exhibit 2 - Statement of Activities - Business-type Activities

Explanation	Amount
To correct prior year errors in capital assets.	\$ <u>4,038</u>

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

Explanation	Amount
To correct prior year errors in capital assets.	\$ <u>4,038</u>

(3) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$2,813,914, and the bank balance was \$3,264,025. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Jefferson County, Mississippi

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

Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Cash with Fiscal Agents:

The carrying amount of County's cash with fiscal agents held by financial institutions was \$299,558.

Investments:

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

Investments balances at September 30, 2016, are as follows:

Investment Type	Maturities	Fair Value	Rating
Hancock Horizon Treasury Securities Money Market Mutual Fund	Less than one year	\$ <u>1,067,467</u>	AAAm

The investment in the Hancock Horizon Treasury Securities Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. These investments are uninsured, unregistered, and held in trust accounts by the investment's counterparty on

Jefferson County, Mississippi

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

behalf of the County, not in the name of the County.

(4) Interfund Transactions and Balances

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Garbage and Solid Waste Fund	General Fund	\$ 2,242
Countywide Road Maintenance Fund	General Fund	1,660,748
Countywide Road Maintenance Fund	Garbage and Solid Waste Fund	673,348
Countywide Road Maintenance Fund	Correctional Facility Fund	292,006
Other Governmental Funds	General Fund	97,390
Fiduciary Funds	General Fund	12,782
Total		<u>\$ 2,738,516</u>

The majority of the receivables represent amounts received from various funds to cover deficit cash balances. All other receivables represent ad valorem revenue collected in September 2016 but not settled until October 2016. The ad valorem interfund balances are expected to be repaid within one year.

B. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Garbage and Solid Waste Fund	\$ 2,800
General Fund	Other Governmental Funds	16,700
Garbage and Solid Waste Fund	Other Governmental Funds	3,800
Countywide Road Maintenance Fund	Garbage and Solid Waste Fund	18,000
Countywide Road Maintenance Fund	Other Governmental Funds	44,800
Other Governmental Funds	General Fund	442,282
Other Governmental Funds	Garbage and Solid Waste Fund	17,800
Other Governmental Funds	Countywide Road Maintenance Fund	172,423
Other Governmental Funds	Other Governmental Funds	172,573
Total		<u>\$ 891,178</u>

The advances to and from other funds were made prior years for cash flow purposes.

Jefferson County, Mississippi

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

(5) Intergovernmental Receivables

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

Governmental Activities:

Description	Amount
Tax Collector - Legislative Tax Credit	\$ 36,464

(6) Loans Receivable

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

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Low income housing loan	12/2000	1.00%	12/2050	\$ 410,000
Less: Allowance for doubtful accounts				(369,000)
Total				\$ 41,000

(7) Restricted Assets

The balance of the restricted assets accounts in the enterprise fund are as follows:

Revenue fund	\$ 533,827
Maintenance fund	533,640
Total restricted assets	\$ 1,067,467

Jefferson County, Mississippi

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

(8) Capital Assets

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

Governmental activities:

	Balance Oct. 1, 2015	Additions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:				
Land	\$ 50,453			50,453
Construction in progress		748,761	1,098,210	1,846,971
Total non-depreciable capital assets	50,453	748,761	1,098,210	1,897,424
Depreciable capital assets:				
Infrastructure	5,896,199			5,896,199
Buildings	2,649,889			2,649,889
Mobile equipment	2,925,374	43,496	629,761	3,598,631
Furniture and equipment	316,335			316,335
Leased property under capital leases	630,061		(630,061)	0
Total depreciable capital assets	12,417,858	43,496	(300)	12,461,054
Less accumulated depreciation for:				
Infrastructure	2,222,165	191,585		2,413,750
Buildings	1,738,420			1,738,420
Mobile equipment	2,142,618	93,365	583,912	2,819,895
Furniture and equipment	149,616	14,016	18,067	181,699
Leased property under capital leases	490,291		(490,291)	0
Total accumulated depreciation	6,743,110	298,966	111,688	7,153,764
Total depreciable capital assets, net	5,674,748	(255,470)	(111,988)	5,307,290
Governmental activities capital assets, net	\$ 5,725,201	493,291	986,222	7,204,714

Jefferson County, Mississippi

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

Business-type Activities:

	Balance Oct. 1, 2015	Additions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:				
Land	\$ 235,000			235,000
Total non-depreciable capital assets	235,000	0	0	235,000
Depreciable capital assets:				
Buildings	3,862,120			3,862,120
Mobile equipment	51,425			51,425
Furniture and equipment	109,890			109,890
Total depreciable capital assets	4,023,435	0	0	4,023,435
Less accumulated depreciation for:				
Buildings	1,467,606	77,242		1,544,848
Mobile equipment	40,344	2,969		43,313
Furniture and equipment	97,263		(4,038)	93,225
Total accumulated depreciation	1,605,213	80,211	(4,038)	1,681,386
Total depreciable capital assets, net	2,418,222	(80,211)	4,038	2,342,049
Business-type activities capital assets, net	\$ 2,653,222	(80,211)	4,038	2,577,049

Adjustments were made to correctly present capital assets at year end.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 1,728
Public safety	28,863
Public works	268,375
Total depreciation expense	\$ 298,966
Business-type Activities:	
Correctional facility	\$ 80,211

Jefferson County, Mississippi

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

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bridge Replacement - Church Hill Road and Guedon Road	\$ 32,524	7/31/2017
TIGER Grant Bridge Replacement Projects (nine sites)	5,149,500	7/31/2019

(9) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016 to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Jefferson County, Mississippi

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

(10) Long-Term Debt

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. Special Obligation Bonds:			
Mississippi Development Bank Series			
2014 - General Obligation Fund Project	\$ <u>3,515,000</u>	3.00 - 4.75%	10/2033

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$2,845,000 in limited obligation urban renewal revenue bonds issued in 2008. Proceeds from the bonds provided financing for the refunding of the original urban renewal bonds that were used to construct the Jefferson County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through 2016. Annual principal and interest payments on the bonds are expected to require less than 13 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$0. Principal and interest paid for the current year and total inmate housing net revenues were \$192,400 and \$2,929,021, respectively.

Jefferson County, Mississippi

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

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,	Special Obligation Bonds	
	Principal	Interest
2017	\$ 150,000	145,794
2018	155,000	140,444
2019	160,000	134,144
2020	165,000	127,643
2021	170,000	120,944
2022 - 2026	970,000	493,212
2027 - 2031	1,190,000	268,422
2021 - 2034	555,000	26,719
Total	\$ 3,515,000	1,457,322

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 by 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 6.70% of the latest property assessments.

Jefferson County, Mississippi

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

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

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:					
Special obligation bonds	\$ 3,800,000		285,000	3,515,000	150,000
Capital leases	114,719		114,719	0	
Compensated absences	160,096		3,611	156,485	
Total	<u>\$ 4,074,815</u>	<u>0</u>	<u>403,330</u>	<u>3,671,485</u>	<u>150,000</u>
Business-type Activities:					
Limited obligation bonds	\$ 185,000		185,000	0	
Compensated absences	90,445	4,450		94,895	
Total	<u>\$ 275,445</u>	<u>4,450</u>	<u>185,000</u>	<u>94,895</u>	<u>0</u>

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

Jefferson County, Mississippi

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

(11) Deficit Fund Balances of Individual Funds

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

Fund	Deficit Amount
General Fund	\$ 3,935,506
Garbage and Solid Waste Fund	719,292
Mapping and Reappraisal	291,541
CDC - Health Needs Assessment	353
USDA HOME Grant	19,277
USDA Farmers Market Promo	32,650
Emergency 911 Fund	117,921
Pre Escrow Fund Advance	1,126
CDBG Road Grant	59,149
SW Illegal Dump Enforcement	3,337
Parks and Recreation	4,400
Daycare Escrow Fund	10,600
Youth Build	10,162
Jefferson County Road and Bridge Bond	143,984
Courthouse Special	14,800
H20 / Sewer	89,332

(12) Contingencies

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

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various

Jefferson County, Mississippi

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

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.

(13) No Commitment Debt (Not Included in the Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at September 30, 2016
Nursing home revenue bonds	\$ <u>542,832</u>

(14) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The governing body is a 40 member board of directors, with four appointed by the Jefferson County Board of Supervisors. The County appropriated \$4,477 for the support of the district in fiscal year 2016.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Jefferson County Board of Supervisors appoints two of the ten members of the board of commissioners. The County appropriated \$8,975 for the support of the district in fiscal year 2016.

Southwest Mississippi Partnership operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members appointed by each County's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the County's Board of Supervisors. The member counties provide only modest financial support for the entity.

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The governing

Jefferson County, Mississippi

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

body is a 27 member board of trustees, with two appointed by the Jefferson County Board of Supervisors. The County provided no funding to the college in fiscal year 2016.

(15) Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Jefferson County, Mississippi

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

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$506,427, \$523,266, and \$481,887, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the County reported a liability of \$9,016,601 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was 0.050509 percent, which was based on a measurement date of June 30, 2016. This was a decrease of 0.001491 from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,337,309. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 227,061	
Net difference between projected and actual earnings on pension plan investments	1,065,680	
Change of assumptions	437,880	
Changes in the proportion and differences between County's contributions and proportionate share of contributions	166,814	197,119
County contributions subsequent to the measurement date	136,077	
Total	\$ 2,033,512	197,119

Jefferson County, Mississippi

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

\$136,077 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2017	\$	673,392
2018		562,219
2019		286,469
2020		178,236
Total	\$	<u>1,700,316</u>

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

Inflation	3.0 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

Jefferson County, Mississippi

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	-0.50%
Total	100%	

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

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's 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	\$ 11,568,443	\$ 9,016,601	\$ 6,909,586

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

Jefferson County, Mississippi

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

(16) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$9,482,722) includes the effect of deferred outflow of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$80,285 resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. The \$1,125,465 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years. The \$115,564 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

The business-type activities' unrestricted net position amount of (\$2,111,382) includes the effect of deferred outflow of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$55,792 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$771,970 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years. The \$81,555 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

(17) Short-term Debt and Liquidity

The following is a summary of short-term debt activity for the year ended September 30, 2017.

Description of Debt	Balance October 1, 2015	Additions	Retirements	Balance September 30, 2016
Tax anticipation note - General Fund	\$	\$ 1,600,000	\$ 640,000	\$ 960,000
Tax anticipation note - Countywide Road Maintenance Fund		900,000	360,000	540,000
Total	\$	\$ 2,500,000	\$ 1,000,000	\$ 1,500,000

During the month of November 2015, the County issued \$900,000 of tax anticipation notes with an interest rate of 11% and maturity date of April 1, 2016 in order to alleviate a temporary operating cash flow deficiency.

During the month of August 2016, the County issued \$1,600,000 of tax anticipation notes with an interest rate of 11% and maturity date of April 1, 2017 in order to alleviate a temporary operating cash flow deficiency.

Jefferson County, Mississippi

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

(18) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Jefferson 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
10-16-17	8.00%	\$ 1,535,000	Tax Anticipation Note	Ad valorem revenue
09-13-18	6.00%	1,535,000	Tax Anticipation Note	Ad valorem revenue
09-19-19	6.00%	1,535,000	Tax Anticipation Note	Ad valorem revenue
09-18-20	6.00%	1,000,000	Tax Anticipation Note	Ad valorem revenue
10-01-21	4.25%	1,000,000	Tax Anticipation Note	Ad valorem revenue
12-16-21	2.94%	220,000	Capital lease	Ad valorem revenue
09-27-22	5.00%	1,000,000	Tax Anticipation Note	Ad valorem revenue
04-01-23	3.88%	360,000	Capital lease	Ad valorem revenue
04-01-23	6.31%	131,087	Capital lease	Ad valorem revenue
09-15-23	7.00%	1,000,000	Tax Anticipation Note	Ad valorem revenue
03-01-24	6.41%	294,753	Capital lease	Ad valorem revenue
03-15-24	6.60%	460,000	Capital lease	Ad valorem revenue

REQUIRED SUPPLEMENTARY INFORMATION

Jefferson County, Mississippi

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

PERS

Last 10 Fiscal Years*

	2016	2015
County's proportion of the net pension liability (asset)	\$ 9,016,601	8,038,173
County's proportionate share of the net pension liability (asset)	0.050509%	0.052000%
County's covered - employee payroll	3,215,410	3,322,324
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	280.42%	241.94%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

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

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented.

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

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

	2016	2015
Contractually required contribution	\$ 506,427	523,266
Contributions in relation to the contractually required contribution	506,427	523,266
Contribution deficiency (excess)	\$ -	-
County's covered - employee payroll	3,215,410	3,322,324
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 Statement No. 68 was implemented for the fiscal yearended 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.

Jefferson County, Mississippi

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

UNAUDITED

1) Pension Schedules

A. Change of Benefit Provisions

2016

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

B. Change of Assumptions

2015

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

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

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

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

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

2016

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

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY, MISSISSIPPI

Reconciliation of Operating Costs of Solid Waste

For the Year Ended September 30, 2016

OPERATING EXPENDITURES, CASH BASIS

Salaries	\$	235,345
Contractual Services		121,480
Expendable Commodities:		
Gasoline and petroleum products		20,784
Repairs and parts		11,380
Other items		7,635
Utilities		<u>12,528</u>
 Solid Waste Cash Basis Operating Expenditures	 \$	 409,152
 Full Cost Expenses:		
Indirect administrative costs		<u>14,122</u>
 Solid Waste Full Cost Operating Expenses	 \$	 <u><u>423,274</u></u>

OTHER INFORMATION

JEFFERSON COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2016

UNAUDITED

Name	Position	Company	Bond
Christopher Lowe	Supervisor	FCCI Insurance	\$100,000
James Wells	Supervisor	Western Surety	\$100,000
Dudley Guice, Sr.	Supervisor	Travelers	\$100,000
Cammie Hutcherson	Supervisor	Western Surety	\$100,000
Trent Hudson	Supervisor	Western Surety	\$100,000
Jerry Wilson	Supervisor	Western Surety	\$100,000
David Day	Supervisor	Western Surety	\$100,000
S.D. Johnson	Supervisor	Western Surety	\$100,000
Ray Perryman	Supervisor	Western Surety	\$100,000
Tracy Collins	Supervisor	Western Surety	\$100,000
Lorraine Lias	County Administrator	Western Surety	\$100,000
Walter Huston	County Administrator	Western Surety	\$100,000
Delorise Frye	Chancery Clerk	Western Surety	\$100,000
Serena King	Deputy Chancery Clerk	Western Surety	\$50,000
Lashonda Rankin	Deputy Chancery Clerk	Western Surety	\$50,000
Myrtis Collins	Deputy Chancery Clerk	Western Surety	\$50,000
Sherra H. Wilson	Purchase Clerk	Lexon Insurance	\$75,000
Terrance Cruel	Receiving Clerk	Western Surety	\$75,000
Linda White	Inventory Control Clerk	Western Surety	\$75,000
Ray Smith	Road Manager	Western Surety	\$50,000
James E. Bailey	Constable	FCCI Insurance	\$50,000
Carl Bailey	Constable	Western Surety	\$50,000
Arnell Harried	Circuit Clerk	Western Surety	\$100,000
Maxcine White	Deputy Circuit Clerk	Western Surety	\$50,000
Jackie Jackson	Deputy Circuit Clerk	Western Surety	\$50,000
Peter E. Walker	Sheriff	Western Surety	\$100,000
Sheriff's Deputies, each	Deputy Sheriff*	Western Surety	\$50,000
James E. Oliver	Justice Court Judge	Travelers	\$50,000
Tomika Erving	Justice Court Judge	Western Surety	\$50,000
Marilyn Jones	Justice Court Clerk	Old Republic	\$50,000
Courtney Jackson	Deputy Justice Court Clerk	Western Surety	\$50,000
Asia Davis	Deputy Justice Court Clerk	Western Surety	\$50,000
Samantha Franklin-Jackson	Tax Collector-Assessor	Western Surety	\$100,000
Lucille Bailey	Deputy Tax Collector	Western Surety	\$50,000
Felicia Garfield	Deputy Tax Collector	Western Surety	\$50,000
Shelawndra Frye	Deputy Tax Collector	Western Surety	\$50,000
Tamika Smith	Solid Waste Manager	Western Surety	\$100,000

* hired under Section 45-5-9, Miss. Code Ann. (1972)

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
Jefferson 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 Jefferson County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 15, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson 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 2016-001, 2016-002, and 2016-006 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 2016-003, 2016-004, and 2016-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson 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 items 2016-001, and 2016-002.

We also noted certain matters which we have reported to the management of Jefferson County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 15, 2024, included within this document.

Jefferson County's Response to Findings

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard PC
July 15, 2024

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Jefferson County, Mississippi

We have examined Jefferson County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Jefferson County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Jefferson County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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

1048 GLUCKSTADT ROAD, SUITE B
MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
July 15, 2024

Certified Public Accountants

Jefferson County, Mississippi

Schedule 1

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

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

Jefferson County, Mississippi

Schedule 2

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

Our test results did not identify any emergency purchases.

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

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Jefferson County, Mississippi

In planning and performing our audit of the financial statements of Jefferson County, Mississippi for the year ended September 30, 2016, we considered Jefferson 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 Jefferson County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 15, 2024, on the financial statements of Jefferson County, Mississippi.

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

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

Chancery Clerk.

1. Synopsis of audit report was not published.

Finding:

Section 7-7-221(1), Miss. Code Ann. (1972), requires a synopsis of the annual audit report of the fiscal and financial affairs of the County to be published in a local newspaper as soon as possible after the County receives a copy of the audit report. The County did not publish the 2015 audit synopsis. The failure to publish the annual audit synopsis resulted in noncompliance with state law.

1048 GLUCKSTADT ROAD, SUITE B
MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

Recommendation:

The County should publish an audit synopsis of the annual report as required by law.

Chancery Clerk's Response:

I was not the Clerk when this occurred. Since becoming Clerk in 2020, I will start submitting the annual report for publication.

Chancery Clerk.

2. Collateralization procedures are not being performed.

Finding:

Section 27-105-5, Miss. Code Ann. (1972), gives the responsibility to the State Treasurer for the collateralization of public deposits. However, the County is still required to perform certain duties related to the collateralization of public funds. As reported in numerous prior year audit reports, the following duties were not performed:

- a. The County did not reconcile annual report information received from the County depositories to their records.
- b. The Public Depositories Annual Report was not submitted to the Office of the State Treasurer.

Without accurate and timely reconciliation of the annual report, risk increases that the County's total deposits may not be properly collateralized.

Recommendation:

The Chancery Clerk should ensure the reconciliation is prepared annually and the annual report is submitted by October 31st for the prior fiscal year.

Chancery Clerk's Response:

I was not the Clerk during this time. Since I took office in 2020, these reports are submitted annually.

Chancery Clerk

3. State assessments collected must be settled monthly to the State of Mississippi.

Finding:

Section 99-19-73, Miss. Code Ann. (1972), requires the Chancery Clerk to settle the standard state assessments monthly to the state. The Chancery Clerk, as of September 30, 2016, did not settle state assessments totaling \$138,604.06 for collections received from April 2016 through August 2016 in the subsequent month according to the month in which assessments were collected and settled.

Recommendation:

The Chancery Clerk should settle state assessments in the month following settlement to the affected parties as required by statute.

Chancery Clerk's Response:

We currently settle state assessments monthly.

Board of Supervisors.

4. Controls over repayment of interfund advances should be strengthened.

Finding:

As reported in numerous prior year audit reports, the County has interfund loans outstanding that are over a year old. As of September 30, 2016, there were \$891,178 in total interfund advances over one year old. The Mississippi Code is silent regarding the authority of the County to make these loans. Failure to repay these loans constitutes a diversion of legally restricted funds.

Recommendation:

The Board of Supervisors should ensure that these old interfund advances are repaid.

Board of Supervisors' Response:

Several of these funds with advances have not been used in decades. Many of the advances go back to the early 1900s. None of the Board members served during this period. We ask for alternatives to remedying this situation for items that cannot be paid back which will be presented on this report in eternity.

Board of Supervisors

5. County signed warrants without sufficient money.

Criteria:

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition:

As reported in the past two years' audit reports, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2016, the following funds had negative cash balances in the indicated amounts:

- a. General Fund - \$2,880,507
- b. Mapping and Reappraisal Fund - \$260,041
- c. Jefferson County Ambulance Service - \$97,770
- d. CDC - Health Needs Assessments - \$353
- e. USDA Home Grants - \$19,277
- f. Farmers Market Promo - \$32,650

- g. E911 - \$115,014
- h. Fire Maintenance Fund - \$673,348
- i. CDBG Road Grant - \$55,749
- j. SW Illegal Dumping Enforcement - \$3,337
- k. Economic Development - \$10,162
- l. Jefferson County Road & Bridge Bond - \$158,984
- m. Jail Bond Interest & Sinking - \$18,500
- n. Jefferson County Water & Sewer - \$89,332
- o. Jefferson-Franklin Regional Correctional Facility - \$295,472

Cause:

Lacks of controls to ensure the signing of warrants or the delivery of warrants until there is sufficient money in the funds.

Effect/Possible Effect:

Failure to have sufficient cash balances in County funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balance of other funds for purposes other than their intended purpose. These types of transactions could result in the board of Supervisors being held personally liable for such amounts.

Recommendation:

The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Response:

The Chancery Clerk's office, Board of Supervisors, as well as the County Administrator are currently working on ways to improve the financial management process of the County as it relates to issuing warrants without sufficient funds. Additionally, proper planning of spending and purchases will ensure that the County only makes necessary purchases and that these purchases are made during the months that the County receives the majority of their tax revenues.

Justice Court Clerk

6. The Justice Court Clerk should properly identify all funds.

Finding:

Section 27-105-371, Miss. Code Ann. (1972), requires that unidentifiable funds to be settled into the County's General Fund. As reported in the prior eight years' audit reports, an unknown balance exists in cash reconciled by the Justice Court Clerk. As of September 30, 2016, the balance of \$328,503 is unknown funds in the clearing account.

Recommendation:

The Justice Court Clerk should continue its effort to identify the proper recipients of these monies before settlement is made to the County.

Justice Court Clerk's Response:

I will comply with the recommendation that all monies and receipts of all money will be identified before settlement is made to the County. (I inherited this problem when I became clerk in 2009.)

Board of Supervisors

7. The County did not prepare a budget of revenues, expenses, and a working cash balance of all funds.

Finding:

Section 19-11-17, Miss. Code Ann. (1972), requires the Board of Supervisors to prepare and submit at its August meeting of each year a complete budget of revenues, expenses, and a working cash balance estimated for the next fiscal year for each fund. The County did not provide an original budget for the auditors. Failure to prepare and submit a complete budget of revenues, expenses, and a working cash balance for all funds along with ongoing monitoring of operations can result in cash understatements possibly resulting in the misappropriation of public funds.

Recommendation:

The Board of Supervisors should prepare and submit each year a complete budget of revenues, expenses, and a working cash balance for all funds, as required by law.

Board of Supervisors' Response:

We are aware of years where budgets were not prepared or spread in the Board minutes. We remedied this finding in future fiscal years.

Board of Supervisors

8. Final amended budget was not prepared and approved in the minutes of the Board of Supervisors.

Finding:

Section 19-11-9, Miss. Code Ann. (1972), requires the County to prepare a budget of revenues, expenses, and a working cash balance in such form as may be necessary. Furthermore, the final amended budget of all funds for the fiscal year, which may be amended up to the end of the fiscal year, must be approved and entered onto the minutes of the Board of Supervisors no later than October 31, following the close of the fiscal year. The County did not prepare a final amended budget for fiscal year 2016. As a result, approval and budget detail was not spread on the minutes of the Board of Supervisors resulting in noncompliance with the listed statute.

Recommendation:

The Board of Supervisors should prepare, approve, and spread the final amended budget on the minutes each year, as required by law.

Board of Supervisors' Response:

We are aware of years where budgets were not prepared or spread in the Board minutes. We remedied this finding in future fiscal years.

Jefferson 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
July 15, 2024

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Jefferson County, Mississippi

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Garbage and Solid Waste Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
Bond Construction Fund	Unmodified
Aggregate remaining fund information	Unmodified
Correctional Facility Fund	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes.
 - b. Significant deficiencies 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*.

Board of Supervisors

Material Weakness

Material Noncompliance

Finding 2016-001

The County should include discretely-presented component units within its financial statements.

Criteria:

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

Condition:

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

Cause:

Management chooses to omit this information.

Effect/Possible Effect:

The Independent Auditor's Report 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 resulting 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.

Response:

Based upon the volume of work that the component units generate, the Board elected not to include them.

Material Weakness

Material Noncompliance

Finding 2016-002

County signed warrants without sufficient funds.

Criteria:

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition:

As reported in the past two years' audit reports, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2016, the following funds had negative cash balances in the indicated amounts:

- a. General Fund - \$2,880,507
- b. Mapping and Reappraisal Fund - \$260,041
- c. Jefferson County Ambulance Service - \$97,770
- d. CDC - Health Needs Assessments - \$353
- e. USDA Home Grants - \$19,277
- f. Farmers Market Promo - \$32,650
- g. E911 - \$115,014
- h. Fire Maintenance Fund - \$673,348
- i. CDBG Road Grant - \$55,749
- j. SW Illegal Dumping Enforcement - \$3,337

- k. Economic Development - \$10,162
- l. Jefferson County Road & Bridge Bond - \$158,984
- m. Jail Bond Interest & Sinking - \$18,500
- n. Jefferson County Water & Sewer - \$89,332
- o. Jefferson-Franklin Regional Correctional Facility - \$295,472

Cause:

Lacks of controls to ensure the signing of warrants or the delivery of warrants until there is sufficient money in the funds.

Effect/Possible Effect:

Failure to have sufficient cash balances in County funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balance of other funds for purposes other than their intended purpose. These types of transactions could result in the board of Supervisors being held personally liable for such amounts.

Recommendation:

The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Response:

The Chancery Clerk's office, Board of Supervisors, as well as the County Administrator are currently working on ways to improve the financial management process of the County as it relates to issuing warrants without sufficient funds. Additionally, proper planning of spending and purchases will ensure that the County only makes necessary purchases and that these purchases are made during the months that the County receives the majority of their tax revenues.

Board of Supervisors

Significant Deficiency

Finding 2016-003

Attendance records should be used.

Criteria:

Attendance records are effective in determining if employee(s) are present on the job in which they are hired to perform.

Condition:

As reported in the prior three audit periods, formal attendance records or time cards are not required to be used. Employees only report leave and overtime. Time reports were not approved by department heads/supervisors.

Cause:

Inaction.

Effect/Possible Effect:

Failure to require use of formal attendance records could result in the loss or misappropriation of public funds.

Recommendation:

The Board of Supervisors should require the use of attendance records which are approved by the employee's supervisor/department head prior to processing payroll.

Response:

The County implemented requiring employees to sign in each day and have the supervisors of the various departments to approve sign in sheets and then submit them for payroll to be processed in 2022.

Chancery Clerk

Significant Deficiency

Finding 2016-004

Internal controls over land redemption collections and settlements should be strengthened.

Criteria:

An effective system of internal control over land redemption collections and settlements should include reconciling land redemption cash balance to bank statements.

Condition:

As reported in the prior three audit reports, the Chancery Clerk has not been reconciling land redemption account bank statements. The September 2012 bank statement was the last reconciled bank statement noted. No bank statements since that date have been reconciled. As a result, reconciliations to cash journal balance at month-end could not be accurately performed. Whether sufficient cash was within the bank account to settle outstanding land redemption warrant claims could not be determined with any degree of accuracy.

Cause:

Inaction.

Effect/Possible Effect:

Failure to implement adequate controls over land redemption collections and settlements could lead to a loss of public funds.

Recommendation:

The Chancery Clerk should ensure controls are in place over land redemption collections and settlements in order to maintain accountability and safeguard these funds.

Response:

I was not Clerk when this happened. Since becoming Clerk in 2020, I reconcile the land redemption account monthly.

Board of Supervisors

Significant Deficiency

Finding 2016-005

Solid Waste records should be reconciled to the bank statements.

Criteria:

An effective system of internal control 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:

Garbage fee collections were not reconciled to the County's general ledger. Also, solid waste records were not reconciled to the bank statements.

Cause:

Inaction.

Effect/Possible Effect:

Failure to reconcile accounting records 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.

Response:

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

Justice Court Clerk

Material Weakness

Finding 2016-006

The Justice Court Clerk should properly identify all funds.

Criteria:

Section 27-105-371, Miss. Code Ann. (1972), requires that unidentifiable funds to be settled into the County's General Fund.

Condition:

As reported in the prior eight years' audit reports, an unknown balance exists in cash reconciled by the Justice Court Clerk. As of September 30, 2016, the balance of \$328,503 is unknown funds in the clearing account.

Cause:

Poor record keeping from several years ago predating the current Justice Court Clerk.

Effect/Possible Effect:

Failure to properly identify and account for all funds could result in the loss of public funds.

Recommendation:

The Justice Court Clerk should continue its effort to identify the proper recipients of these monies before settlement is made to the County.

Response:

I will comply with the recommendation that all monies and receipts of all money will be identified before settlement is made to the County. (I inherited this problem when I became clerk in 2009.)