

JONES COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

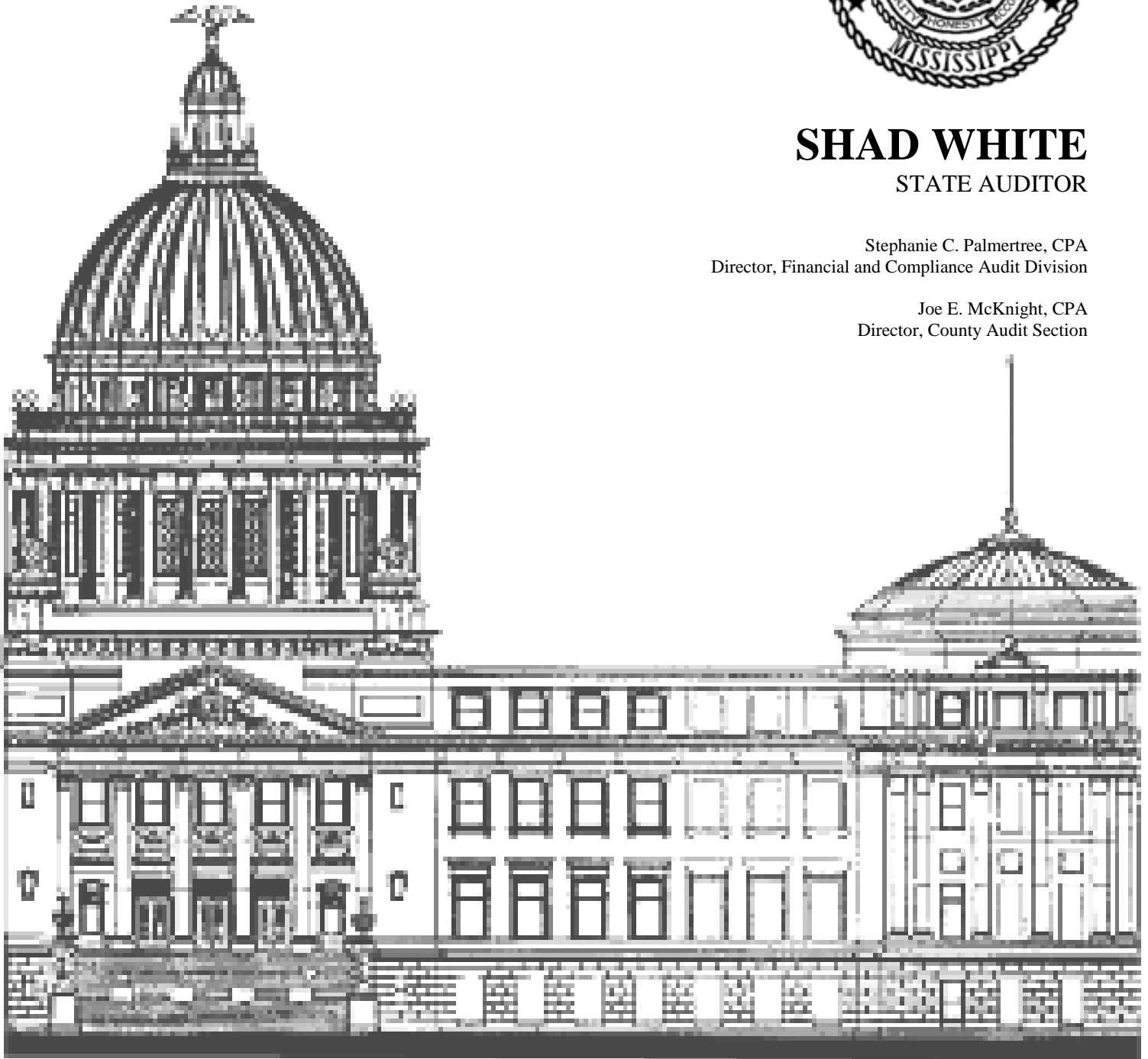


SHAD WHITE

STATE AUDITOR

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

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

January 30, 2019

Members of the Board of Supervisors
Jones County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2017 financial and compliance audit report for Jones County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

JONES COUNTY
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JONES COUNTY

FINANCIAL SECTION

JONES COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jones County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jones County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Jones County, Mississippi, as of September 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

Qualified Opinion

In our opinion except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and the Garbage Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and the Garbage Fund of Jones County, Mississippi, as of September 30, 2017, and the change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Howard Industries Fund, the Countywide Bond and Interest Sinking Fund and the aggregate remaining fund information of Jones County, Mississippi, as of September 30, 2017, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

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

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 January 30, 2019 on our consideration of Jones County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jones County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

January 30, 2019

JONES COUNTY

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JONES COUNTY

FINANCIAL STATEMENTS

JONES COUNTY

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JONES COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 9,361,399	795,138	10,156,537
Property tax receivable	20,230,874		20,230,874
Accounts receivable (net of allowance for uncollectibles of \$1,067,424)		150,937	150,937
Fines receivable (net of allowance for uncollectibles of \$3,197,813)	977,342		977,342
Loans receivable	150,000		150,000
Capital leases receivable	7,800,000		7,800,000
Intergovernmental receivables	498,394		498,394
Internal balances	29,214	(29,214)	0
Capital assets:			
Land and construction in progress	1,056,279	30,000	1,086,279
Other capital assets, net	83,479,770	733,315	84,213,085
Total Assets	<u>123,583,272</u>	<u>1,680,176</u>	<u>125,263,448</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	6,149,024	376,138	6,525,162
Deferred amount on refunding	549,191		549,191
Total Deferred Outflows of Resources	<u>6,698,215</u>	<u>376,138</u>	<u>7,074,353</u>
LIABILITIES			
Claims payable	1,301,083	103,368	1,404,451
Intergovernmental payables	779,695		779,695
Accrued interest payable	569,882	6,557	576,439
Unearned revenue		195,138	195,138
Amounts held in custody for others	235,943		235,943
Long-term liabilities			
Net pension liability	34,571,930	2,129,531	36,701,461
Due within one year:			
Capital debt	6,223,623	239,906	6,463,529
Non-capital debt	1,454,949		1,454,949
Due in more than one year:			
Capital debt	43,956,880	569,335	44,526,215
Non-capital debt	11,290,042	38,733	11,328,775
Total Liabilities	<u>100,384,027</u>	<u>3,282,568</u>	<u>103,666,595</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,986,799	176,849	3,163,648
Deferred revenues - property taxes	20,230,874		20,230,874
Total Deferred Inflows of Resources	<u>23,217,673</u>	<u>176,849</u>	<u>23,394,522</u>
NET POSITION			
Net investment in capital assets	34,904,737	(45,926)	34,858,811
Restricted for:			
Expendable:			
General government	111,916		111,916
Public safety	762,021		762,021
Public works	5,253,669		5,253,669
Culture and recreation	15,589		15,589
Unemployment compensation	130,994		130,994
Unrestricted	(34,499,139)	(1,357,177)	(35,856,316)
Total Net Position	<u>\$ 6,679,787</u>	<u>(1,403,103)</u>	<u>5,276,684</u>

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

JONES COUNTY
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 9,667,156	918,354	133,026		(8,615,776)		(8,615,776)
Public safety	10,615,974	993,971	1,774,897		(7,847,106)		(7,847,106)
Public works	12,191,059		2,194,184	389,785	(9,607,090)		(9,607,090)
Health and welfare	1,395,682		267,628		(1,128,054)		(1,128,054)
Culture and recreation	983,876				(983,876)		(983,876)
Education	353,621		16,543		(337,078)		(337,078)
Conservation of natural resources	128,936				(128,936)		(128,936)
Economic development and assistance	262,685				(262,685)		(262,685)
Interest on long-term debt	1,436,854				(1,436,854)		(1,436,854)
Bond issuance costs	125,562				(125,562)		(125,562)
Pension expense	5,623,308				(5,623,308)		(5,623,308)
Total Governmental Activities	<u>42,784,713</u>	<u>1,912,325</u>	<u>4,386,278</u>	<u>389,785</u>	<u>(36,096,325)</u>		<u>(36,096,325)</u>
Business-type activities:							
Solid Waste	2,446,422	2,805,466				359,044	359,044
Total Business-type Activities	<u>2,446,422</u>	<u>2,805,466</u>	<u>0</u>	<u>0</u>		<u>359,044</u>	<u>359,044</u>
Total Primary Government	<u>\$ 45,231,135</u>	<u>4,717,791</u>	<u>4,386,278</u>	<u>389,785</u>	<u>(36,096,325)</u>	<u>359,044</u>	<u>(35,737,281)</u>
General revenues:							
Property taxes					\$ 23,729,050		23,729,050
Road & bridge privilege taxes					825,480		825,480
Grants and contributions not restricted to specific programs					2,285,275		2,285,275
Unrestricted interest income					94,982		94,982
Rental income					999,242		999,242
Miscellaneous					943,950	6,001	949,951
Total General Revenues					<u>28,877,979</u>	<u>6,001</u>	<u>28,883,980</u>
Changes in Net Position					<u>(7,218,346)</u>	<u>365,045</u>	<u>(6,853,301)</u>
Net Position - Beginning, as previously reported					13,937,830	(1,768,148)	12,169,682
Prior period adjustment					(39,697)		(39,697)
Net Position - Beginning, as restated					<u>13,898,133</u>	<u>(1,768,148)</u>	<u>12,129,985</u>
Net Position - Ending					<u>\$ 6,679,787</u>	<u>(1,403,103)</u>	<u>5,276,684</u>

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

JONES COUNTY
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds				
	General Fund	Howard Industries Fund	Countywide Bond & Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,513,831		114,454	6,733,114	9,361,399
Property tax receivable	12,504,389		3,266,923	4,459,562	20,230,874
Fines receivable (net of allowance for uncollectibles of \$3,197,813)	977,342				977,342
Loans receivable		150,000			150,000
Capital leases receivable		7,800,000			7,800,000
Intergovernmental receivables	368,787			129,607	498,394
Due from other funds	29,214		61,652	206,544	297,410
Advances to other funds	2,435			446,000	448,435
Total Assets	<u>\$ 16,395,998</u>	<u>7,950,000</u>	<u>3,443,029</u>	<u>11,974,827</u>	<u>39,763,854</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 419,058			882,025	1,301,083
Intergovernmental payables	740,124				740,124
Due to other funds	305,908			1,859	307,767
Advances from other funds				448,435	448,435
Amounts held in custody for others	235,943				235,943
Total Liabilities	<u>1,701,033</u>	<u>0</u>	<u>0</u>	<u>1,332,319</u>	<u>3,033,352</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	12,504,389		3,266,923	4,459,562	20,230,874
Unavailable revenue - capital leases		7,800,000			7,800,000
Unavailable revenue - fines	977,342				977,342
Total Deferred Inflows of Resources	<u>13,481,731</u>	<u>7,800,000</u>	<u>3,266,923</u>	<u>4,459,562</u>	<u>29,008,216</u>
Fund balances:					
Nonspendable:					
Advances	2,435				2,435
Loans receivable		150,000			150,000
Restricted for:					
General government				111,916	111,916
Public safety				762,021	762,021
Public works				5,253,669	5,253,669
Culture and recreation				15,589	15,589
Debt service			176,106		176,106
Unemployment compensation				130,994	130,994
Committed to:					
General government				143,282	143,282
Public safety				41,207	41,207
Culture and recreation				58,979	58,979
Assigned to:					
Public safety				185,936	185,936
Unassigned	1,210,799			(520,647)	690,152
Total Fund Balances	<u>1,213,234</u>	<u>150,000</u>	<u>176,106</u>	<u>6,182,946</u>	<u>7,722,286</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,395,998</u>	<u>7,950,000</u>	<u>3,443,029</u>	<u>11,974,827</u>	<u>39,763,854</u>

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

JONES COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2017

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,722,286
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 \$130,594,923.	84,536,049
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	977,342
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(62,925,494)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(34,571,930)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(569,882)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	7,800,000
Deferred amount on refunding	549,191
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	6,149,024
Deferred inflows of resources related to pensions	<u>(2,986,799)</u>
Total Net Position - Governmental Activities	\$ <u><u>6,679,787</u></u>

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

JONES COUNTY

Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Funds				
	General	Howard	Countywide	Other	Total
	Fund	Industries	Bond & Interest Sinking	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 14,848,465		3,823,727	5,056,858	23,729,050
Road and bridge privilege taxes				825,480	825,480
Licenses, commissions and other revenue	721,737			26,619	748,356
Fines and forfeitures	473,004			716,331	1,189,335
Intergovernmental revenues	2,248,145			4,813,193	7,061,338
Charges for services	333,471			660,500	993,971
Interest income	50,079		1,916	42,987	94,982
Rental income	187,180		812,062		999,242
Miscellaneous revenues	390,506			553,444	943,950
Total Revenues	19,252,587	0	4,637,705	12,695,412	36,585,704
EXPENDITURES					
Current:					
General government	8,856,020			1,322,216	10,178,236
Public safety	6,966,959			3,564,906	10,531,865
Public works	270,477			12,010,598	12,281,075
Health and welfare	1,166,788				1,166,788
Culture and recreation	192,873			683,842	876,715
Education	353,621				353,621
Conservation of natural resources	140,017				140,017
Economic development and assistance	262,685				262,685
Debt service:					
Principal	47,888	1,150,000	7,157,504	2,423,683	10,779,075
Interest	1,655		1,135,136	358,685	1,495,476
Bond issuance costs			125,562		125,562
Total Expenditures	18,258,983	1,150,000	8,418,202	20,363,930	48,191,115
Excess of Revenues over (under) Expenditures	993,604	(1,150,000)	(3,780,497)	(7,668,518)	(11,605,411)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				1,246,930	1,246,930
Refunding bonds issued			4,225,000		4,225,000
Proceeds from sale of capital assets	9,450			269,646	279,096
Premiums on bonds issued			264,593		264,593
Compensation for loss of capital assets				9,488	9,488
Transfers in	544,911			1,502,289	2,047,200
Transfers out	(1,252,314)			(794,887)	(2,047,201)
Lease principal payments		1,000,000			1,000,000
Payment to bond refunding escrow agent			(538,218)		(538,218)
Discount on bonds issued			(55,813)		(55,813)
Total Other Financing Sources and Uses	(697,953)	1,000,000	3,895,562	2,233,466	6,431,075
Net Changes in Fund Balances	295,651	(150,000)	115,065	(5,435,052)	(5,174,336)
Fund Balances - Beginning	917,583	300,000	61,041	11,617,997	12,896,621
Fund Balances - Ending	\$ 1,213,234	150,000	176,106	6,182,945	7,722,285

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

JONES COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (5,174,335)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$4,171,825 exceeded capital outlays of \$2,501,593 in the current period.	(1,670,232)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$76,324 and the proceeds from the sale of \$279,096 and the compensation for loss of \$9,488 in the current period.	(364,908)
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.	(1,019,337)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$10,779,075 exceeded debt proceeds of \$1,246,930.	9,532,145
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(166,175)
The amount of decrease in accrued interest payable	60,492
The issuance of refunding bond	(4,225,000)
The issuance of refunding bond premium	(264,593)
The amortization of bond premiums	30,886
The issuance of refunding bond discount	55,813
The amortization of refunding bond discount	(8,971)
The issuance of deferred refunding charges	538,218
The amortization of deferred refunding charges	(23,785)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(1,000,000)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(5,623,308)
Recording of contributions made during the year	2,104,744
Change in Net Position of Governmental Activities	\$ <u>(7,218,346)</u>

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

JONES COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2017

Exhibit 5

	Business-type Activities - Enterprise Fund
	Solid Waste
ASSETS	
Current assets:	
Cash	\$ 795,138
Accounts receivable (net of allowance for uncollectibles of \$1,067,424)	150,937
Total Current Assets	946,075
Noncurrent assets:	
Capital assets:	
Land and construction in progress	30,000
Other capital assets, net	733,315
Total Noncurrent Assets	763,315
Total Assets	1,709,390
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	376,138
Total Deferred Outflows of Resources	376,138
LIABILITIES	
Current liabilities:	
Claims payable	103,368
Due to other funds	29,214
Accrued interest payable	6,557
Unearned revenue	195,138
Capital debt:	
Capital leases payable	239,906
Total Current Liabilities	574,183
Noncurrent liabilities:	
Net pension liability	2,129,531
Capital debt:	
Capital leases payable	569,335
Non-capital debt:	
Compensated absences payable	38,733
Total Noncurrent Liabilities	2,737,599
Total Liabilities	3,311,782
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	176,849
Total Deferred Inflows of Resources	176,849
NET POSITION	
Net investment in capital assets	(45,926)
Unrestricted	(1,357,177)
Total Net Position	\$ (1,403,103)

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

JONES COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Fund
	<u>Solid Waste</u>
Operating Revenues	
Charges for services	\$ 2,805,466
Miscellaneous	4,814
Total Operating Revenues	<u>2,810,280</u>
Operating Expenses	
Personal services	1,128,302
Contractual services	575,881
Materials and supplies	153,203
Depreciation expense	209,931
Indirect administrative cost	29,214
Pension expense	332,955
Total Operating Expenses	<u>2,429,486</u>
Operating Income (Loss)	<u>380,794</u>
Nonoperating Revenues (Expenses)	
Gain (loss) on sale of capital assets	1,187
Interest expense	(12,636)
Other income (expenses)	(4,300)
Net Nonoperating Revenue (Expenses)	<u>(15,749)</u>
Changes in Net Position	365,045
Net Position - Beginning	<u>(1,768,148)</u>
Net Position - Ending	\$ <u><u>(1,403,103)</u></u>

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

JONES COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2017

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,909,190
Payments to suppliers	(692,017)
Payments to employees	(1,253,999)
Other operating cash receipts	4,814
Net Cash Provided (Used) by Operating Activities	967,988
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Interfund loan repayments	(71,182)
Net Cash Provided (Used) by Noncapital Financing Activities	(71,182)
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	296,380
Proceeds from sale of capital assets	49,570
Acquisition and construction of capital assets	(296,380)
Principal paid on long-term debt	(227,816)
Interest paid on debt	(12,945)
Net Cash Provided (Used) by Capital and Related Financing Activities	(191,191)
Net Increase (Decrease) in Cash and Cash Equivalents	705,615
Cash and Cash Equivalents at Beginning of Year	89,523
Cash and Cash Equivalents at End of Year	\$ 795,138
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 380,794
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	209,931
Provision for uncollectible accounts	(772,408)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	858,947
Increase (decrease) in claims payable	37,067
Increase (decrease) in pension liability, deferred outflows, and deferred inflows (net)	208,311
Increase (decrease) in compensated absences liability	(1,053)
Increase (decrease) in unearned revenue	17,185
Increase (decrease) in interfund payables	29,214
Total Adjustments	587,194
Net Cash Provided (Used) by Operating Activities	\$ 967,988
Noncash Capital Financing Activity:	
Jones County lease purchased mobile equipment for \$296,380 for 4 years at 1.97% interest. Principal payments of \$0 were made on the lease during the year.	

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

JONES COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 1,132,468
Due from other funds	39,571
Total Assets	\$ <u>1,172,039</u>
LIABILITIES	
Amounts held in custody for others	\$ 991,811
Intergovernmental payables	180,228
Total Liabilities	\$ <u>1,172,039</u>

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

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

The County reports the following major Governmental Funds:

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

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

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

The County reports the following major Enterprise Fund:

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

H. Capital Assets.

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

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

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

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

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

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

I. Deferred Outflows/Inflows of Resources:

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

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

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

J. Pensions.

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

K. Long-term Liabilities.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

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.

M. Property Tax Revenues:

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

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

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

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

P. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct accumulated depreciation from the prior year.	\$ <u>39,697</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$11,289,005, and the bank balance was \$11,577,129. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste	29,214
Countywide Bond & Interest Sinking Fund	General Fund	61,652
Other Governmental Funds	General Fund	204,685
Other Governmental Funds	Other Governmental Funds	1,859
Agency Funds	General Fund	<u>39,571</u>
Total		\$ <u>336,981</u>

The receivables represent the tax revenue collected in September 2017, but not settled until October 2017, and indirect cost from the Garbage Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

JONES COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2017

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	2,435
Other Governmental Funds	Other Governmental Funds	446,000
Total		\$ <u>448,435</u>

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 544,911
Other Governmental Funds	General Fund	1,252,314
Other Governmental Funds	Other Governmental Funds	249,975
Total		\$ <u>2,047,200</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 342,745
County court judge salary reimbursement	3,273
Youth court reimbursement	9,739
Violence against women grant	8,625
VOCA grant	4,405
Drug court reimbursement	27,673
Training reimbursement	30,793
MEMA grant	71,141
Total Governmental Activities	\$ <u>498,394</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2017, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Howard Industries MBIA Loan	12/1/1998	N/A	12/1/2018	\$ 150,000

JONES COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2017

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments *	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,046,279	10,000			1,056,279
Total non-depreciable capital assets	1,046,279	10,000	-	-	1,056,279
<u>Depreciable capital assets:</u>					
Infrastructure	152,021,196	74,500			152,095,696
Buildings	29,741,081	72,453			29,813,534
Improvements other than buildings	45,257				45,257
Mobile equipment	15,527,925	1,035,765	1,141,175	2,074,995	17,497,510
Furniture and equipment	3,528,134	93,593	19,500	(43,997)	3,558,230
Leased property under capital leases	12,154,447	1,215,282	273,268	(2,031,995)	11,064,466
Total depreciable capital assets	213,018,040	2,491,593	1,433,943	(997)	214,074,693
<u>Less accumulated depreciation for:</u>					
Infrastructure	100,936,508	623,060			101,559,568
Buildings	8,136,707	561,004			8,697,711
Improvements other than buildings	9,051	1,810			10,861
Mobile equipment	11,100,722	1,459,474	917,598	1,403,570	13,046,168
Furniture and equipment	2,756,886	149,399	17,550		2,888,735
Leased property under capital leases	4,513,559	1,377,078	133,887	(1,364,870)	4,391,880
Total accumulated depreciation	127,453,433	4,171,825	1,069,035	38,700	130,594,923
Total depreciable capital assets, net	85,564,607	(1,680,232)	364,908	(39,697)	83,479,770
Governmental activities capital assets, net \$	<u>86,610,886</u>	<u>(1,670,232)</u>	<u>364,908</u>	<u>(39,697)</u>	<u>84,536,049</u>

JONES COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2017

Business-type activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments *	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 30,000				30,000
Total non-depreciable capital assets	30,000	-	-	-	30,000
<u>Depreciable capital assets:</u>					
Buildings	60,380				60,380
Mobile equipment	313,323		148,413	81,455	246,365
Furniture and equipment	8,749				8,749
Leased property under capital leases	982,987	296,380	119,794	(124,455)	1,035,118
Total depreciable capital assets	1,365,439	296,380	268,207	(43,000)	1,350,612
<u>Less accumulated depreciation for:</u>					
Buildings	3,624	1,208			4,832
Mobile equipment	281,990	22,402	133,572	50,908	221,728
Furniture and equipment	7,874				7,874
Leased property under capital leases	372,402	186,321	86,252	(89,608)	382,863
Total accumulated depreciation	665,890	209,931	219,824	(38,700)	617,297
Total depreciable capital assets, net	699,549	86,449	48,383	(4,300)	733,315
Business-type activities capital assets, net	\$ 729,549	86,449	48,383	(4,300)	763,315

*Adjustments to capital assets were for transfers of completed capital leases to the proper classification and for prior year corrections.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 130,700
Public safety	1,247,297
Public works	2,429,280
Health and welfare	239,934
Culture and recreation	124,614
Total governmental activities depreciation expense	\$ 4,171,825
Business-type activities:	
Solid waste	\$ 209,931

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

(8) 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, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Operating Leases.

As Lessor:

On April 21, 2011, Jones County entered into a non-cancellable operating lease agreement with South Central Regional Medical Center for the lease of Jones County Rest Home owned by the County for the purpose of operation of the home and to provide care for its residents. The operating lease stipulated that the lease would pay approximately \$14,640 per month in lease payments commencing January 1, 2011 for a term of 20 years. Also, it stated additional debt service rental payments for the amount of principal and interest associated with the \$5,800,000 Special Obligation Bonds, Series 2011 and \$4,335,000 Special Obligation Bonds, Series 2012 and \$4,225,000 Special Obligation Bonds, Series 2017.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$987,742 for the year ended September 30, 2017. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2018	984,967
2019	984,517
2020	984,617
2021	988,324
2022	985,374
2023 - 2027	4,943,192
2028 - 2031	3,943,528
Total Minimum Payments Required	\$ <u>13,814,519</u>

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

(10) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2017:

<u>Classes of Property</u>	<u>Amount</u>
Industrial Facilities for Howard Industries	\$ 4,900,000
Industrial Facilities for Howard Industries	<u>2,900,000</u>
Total	<u><u>7,800,000</u></u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2017, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>
2018	\$ 1,000,000
2019	1,000,000
2020	1,000,000
2021	1,000,000
2022	1,000,000
2023 - 2026	<u>2,800,000</u>
Total	\$ <u><u>7,800,000</u></u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	\$ 2,906,801	
Mobile equipment	5,566,951	1,035,118
Furniture and equipment	<u>2,590,714</u>	
Total	11,064,466	1,035,118
Less: Accumulated depreciation	<u>(4,391,880)</u>	<u>(382,863)</u>
Leased Property Under Capital Lease	\$ <u><u>6,672,586</u></u>	<u><u>652,255</u></u>

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

The following is a schedule by years of the total payments due as of September 30, 2017:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 3,028,572	399,703	239,907	14,636
2019	1,786,146	328,346	199,253	10,210
2020	1,375,132	277,216	293,804	2,976
2021	1,183,455	233,426	76,277	1,503
2022	890,045	195,444		
2023 - 2027	4,184,652	438,201		
Total	\$ 12,448,002	1,872,336	809,241	29,325

(11) Other Postemployment Benefits.

Plan Description

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

(12) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Jones County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$2,229,389, \$2,181,330 and \$2,033,271, 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, 2017, the County reported a liability of \$36,701,461 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017 net pension liability was 0.220782 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.008635 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$5,956,263. At September 30, 2017, 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	\$ -	267,800
Net difference between projected and actual earnings on pension plan investments	-	2,835,754
Changes of assumptions	37,483	60,094
Remaining balance of prior years	4,858,121	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	1,071,206	
County contributions subsequent to the measurement date	558,352	-
Total	\$ 6,525,162	3,163,648

\$558,352 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Year ending September 30	Amount
2018	\$ 2,235,127
2019	1,106,015
2020	170,959
2021	(708,939)
Total	\$ 2,803,162

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 18.50 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 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	100.00 %	

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent, no increase or decrease of percentage points since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 48,136,417	36,701,461	27,207,964

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

(13) Long-term Debt.

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
MBIA bonds for Tech Park	\$ 1,285,000	3.00%	03/2021
Series 2009(A) bond	2,380,000	3.00/4.00%	09/2021
Series 2009(B) bond	3,265,000	5.50/6.10%	09/2024
MBIA bonds for Howard Industries	150,000	0.00%	06/2018
MBIA bonds for Tech Park	4,900,000	0.00%	11/2023
MBIA bonds for Tech Park	2,900,000	0.00%	04/2025
Series 2010 Construction Bond	1,990,000	2.50/3.50%	12/2025
Series 2012 Road Bond	1,785,000	2.00%	06/2027
Series 2012 Refunding Bond	680,000	2.00%	10/2018
2013 Road Bond	4,655,000	2.00%	05/2028
2014 Road Bond	5,870,000	1.87/2.50%	06/2029
Series 2015 Refunding Bond	2,380,000	2.00%	06/2023
Series 2016 Bond	8,000,000	2.25%	09/2031
Total General Obligation Bonds	\$ 40,240,000		

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
B. Limited Obligation Bonds:			
Series 2011 Bond - Co. Rest Home	\$ 1,085,000	2.50/5.50%	04/2031
Series 2011 Bond - Co. Rest Home	3,525,000	2.50/3.50%	04/2031
Series 2017 Limited Tax and Hospital Refunding Bond	<u>4,225,000</u>	1.60/4.00%	04/2031
Total Limited Obligation Bonds	<u>\$ 8,835,000</u>		
C. Capital Leases:			
E911 Dispatching workstation	\$ 64,120	2.83%	06/2019
DHS Building	1,834,243	3.89%	04/2026
(6) 2013 John Deere tractors with boom & side mowers	168,465	1.67%	10/2017
2013 Kubota tractor with diamond boom	28,770	1.67%	10/2017
2013 Kubota diesel tractor with diamond boom	28,563	1.67%	10/2017
2013 Caterpillar backhoe	62,189	1.91%	10/2017
IBM Mainframe computer	37,527	1.95%	02/2018
(19) 2014 Ford Taurus	141,866	1.66%	11/2017
(5) 2014 Ford Taurus & 2014 Chevrolet Tahoe	40,887	1.95%	02/2018
(30) In-car Cameras with software	37,251	1.87%	03/2018
(5) 2014 Ford F150 & 2014 Ford F350	70,513	1.89%	06/2018
2015 Chevrolet Tahoe	10,008	1.94%	07/2018
2013 Kubota tractor with 2015 Diamond mower	19,227	1.74%	11/2017
2013 Superior sweeper	9,361	1.74%	01/2018
Kubota 4WD Diesel tractor	10,193	1.89%	05/2018
2014 Ford F150 truck	6,751	1.89%	05/2018
2015 Mack truck with Pac-Mac loader	64,976	1.89%	06/2018
2013 Superior sweeper	9,390	1.95%	02/2018
2005 Ford F750 Pot Hole Patch Truck	12,882	2.32%	04/2018
(3) Scag Zero Turn mowers	4,836	1.66%	11/2017
2006 Freightliner truck	12,616	2.57%	05/2018
Radio equipment	6,359,406	3.87%	03/2027
2015 Ford F150 Truck, (3) 2015 Ford Taurus, & 2015 Chevy SUV	96,316	1.90%	08/2019
E911 CAD System	90,839	2.06%	03/2019
Network computer system	5,547	2.06%	05/2019
2000 Sterling 7500 truck	25,317	2.32%	02/2019
(2) John Deere 75G excavators	159,424	1.84%	02/2018
2004 Ford F450 truck	21,319	2.75%	04/2019
2003 Ford F750 pot hole patcher	25,397	2.65%	04/2019
Caterpillar 140H motor grader	74,600	2.07%	07/2019
2004 GMC 3500 truck & 1997 Eagle 10 ton trailer	17,130	2.29%	07/2019
2014 Mack GU432 dump truck	68,100	1.84%	01/2018
2006 Freightliner Columbia truck, 2010 Chevy 2500 truck, & GMC SLT 2500 truck	37,226	2.05%	01/2018
John Deere 210 GLC excavator	152,663	2.04%	04/2016
Fifth Wheel Tilt trailer	14,039	2.12%	04/2019
2016 Mack CHU613 truck	61,972	2.07%	06/2019
2015 John Deere 310EL backhoe loader	67,901	1.75%	09/2018

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Description and Purpose	Amount Oustanding	Interest Rate	Final Maturity Date
Caterpillar Excavator and Shovel	159,211	1.84%	01/2018
2005 CAT 14C motor grader	74,517	2.59%	04/2019
2005 CAT MT525B Challenger tractor	25,544	2.59%	05/2019
CAT D6K2 CAHD tractor	130,150	1.85%	08/2018
2006 International 4400 dump truck	37,728	2.06%	09/2019
(2) Exmark mowers	16,847	1.94%	12/2019
E911 computer system	11,603	2.09%	03/2020
Used Bandit 1890 HD	36,242	2.01%	01/2020
2006 Ford truck & 2006 Chevy truck	37,640	2.39%	10/2019
John Deere 60G compact excavator	53,641	1.78%	08/2020
(2) Kubota tractors	98,030	1.62%	07/2020
John Deere 210G excavator	138,302	1.78%	08/2020
Used 2009 Ford F150 XL	16,686	2.30%	03/2020
John Deere 329E compact track loader	49,856	1.79%	05/2020
John Deere 60G compact excavator	53,641	1.78%	08/2020
Used 2008 Challenger model MT-465-B	59,465	2.04%	11/2019
Kubota M6-111DTC Tractor - Landpride Cutter	62,191	1.62%	07/2020
Lee Boy motor grader	116,830	1.78%	08/2020
John Deere 310SL backhoe loader	71,118	1.78%	08/2020
Used 2007 LaFrance Fire Truck	124,000	2.36%	05/2024
(2) 2017 Ford F-150 Trucks	49,814	2.35%	08/2021
(4) Diamond Rotary Cutters	36,648	2.03%	05/2021
New Kubota MG Tractor / Land Pride Cutter	77,080	2.03%	05/2021
Dynapac 47 inch Roller Drum	36,750	2.32%	01/2021
2002 GMC 8500 Dump Truck	48,000	2.47%	04/2020
Western Star / Warren 4700SF	95,288	1.96%	08/2021
2017 John Deere Backhoe 310SL	94,442	2.00%	08/2020
New Kubota MG Tractor / Land Pride Cutter	77,080	2.03%	05/2021
(4) Western Star / Warren Dump Bodies	381,152	1.94%	07/2021
Kubota Tractor M6 w/ Diamond Mower	112,680	1.96%	08/2021
2017 Ford F-150 Truck	21,207	1.95%	08/2021
(5) 2017 Ford F-150 Trucks	92,789	1.94%	07/2021
Total Capital Leases	\$ 12,448,002		
D. Other Loans:			
MS Development Authority - Debar*	\$ 27,003	5.50%	07/2006
MS Development Authority - Debar*	200,096	5.50%	07/2010
Total Other Loans	\$ 227,099		

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Capital Leases:			
2014 Freightliner truck	\$ 31,327	1.74%	11/2017
2004 GMC T7500 truck	12,907	2.32%	04/2018
2013 Ford F650 with Pacmac Knuckle Boom	43,898	2.08%	03/2019
2015 Ford F250 Truck with liftgate	11,706	2.19%	03/2019
(3) 2017 Western Star garbage trucks	413,023	1.64%	04/2019
(2) 2018 Western Star garbage trucks	296,380	1.97%	05/2021
Total Capital Leases	\$ <u>809,241</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 4,095,000	780,632	555,000	433,708
2019	4,040,000	702,870	520,000	471,108
2020	4,085,000	626,114	535,000	455,568
2021	4,165,000	543,995	555,000	438,634
2022	4,260,000	466,725	570,000	225,275
2023 - 2027	15,150,000	1,266,388	3,160,000	839,825
2028 - 2032	4,445,000	207,913	2,940,000	251,513
Total	\$ <u>40,240,000</u>	<u>4,594,637</u>	<u>8,835,000</u>	<u>3,115,631</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2018	\$ <u>227,009</u>	<u>23,351</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 8.25% of the latest property assessments.

Advance Refunding - On August 17, 2017, the County issued \$4,225,000 in limited obligation refunding bonds with an average interest rate of 2.80% to advance refund \$3,770,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
Series 2011 Special Obligation Bond - Jones County Rest Home	4.00%	\$ 3,770,000

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

The Series 2011 Special Obligation Bond – Jones County Rest Home had an outstanding balance of \$5,100,000 at the time of refunding, but only \$3,770,000 of the bond was refunded, leaving a remaining principal balance of \$1,330,000, of which \$245,000 was redeemed during fiscal year 2017.

The net proceeds of \$4,308,218 (after payment of \$125,562 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 13 years by almost \$183,447 and to obtain an economic gain of \$159,816.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 806,721	166,175	-	-	972,896	-
General obligation bonds	44,155,000		3,915,000		40,240,000	4,095,000
Add:						
Premiums	101,039		27,736		73,303	
Less:						
Discounts	(34,078)		(4,722)		(29,356)	
Limited obligation bonds	8,835,000	4,225,000	455,000	(3,770,000)	8,835,000	555,000
Add:						
Premiums		264,593	3,150		261,443	
Less:						
Discounts	(51,329)	(55,813)	(4,249)		(102,893)	
Capital leases	13,840,147	1,246,930	2,639,075		12,448,002	3,028,572
Other loans	227,099	-	-	-	227,099	-
Total	\$ 67,879,599	5,846,885	7,030,990	(3,770,000)	62,925,494	7,678,572

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Business-type Activities:					
Compensated absences	\$ 39,786	-	1,053	38,733	-
Capital leases	740,677	296,380	227,816	809,241	239,907
Total	\$ 780,463	296,380	228,869	847,974	239,907

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

(14) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2017:

Fund	Deficit Amount
Emergency Operations Center Fund	\$ 164,670
Law Library Fund	1,821
Countywide Road and Bridge Fund	7,227
District 3 Road Fund	173,938
District 5 Road Fund	106,515
District 5 Bridge Fund	55,000
District 5 Road Bond Series 2012	78
Countywide Bridge Repair	11,400
Garbage Fund	1,400,833

(15) Contingencies.

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

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

Hospital Revenue Bond Note Contingencies - The County issues revenue bond notes to provide funds for constructing and improving capital facilities of the South Central Regional Medical Center. Revenue bond notes are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bond notes because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bond notes outstanding at September 30, 2017, is \$57,745,000.

(16) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$34,499,139) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$527,135 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, 2018. The \$5,621,889 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$2,986,799 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of (\$34,499,139) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$7,800,000 balance of deferred inflows of resources at September 30, 2017, will be recognized as revenue and will increase the unrestricted net position over the next 9 years.

The governmental activities' net investment in capital assets net position of \$34,904,737 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$23,785 of the \$549,191 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 14 years.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

The business-type activities' unrestricted net position amount of (\$1,357,177) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$31,217 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 \$344,921 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$176,849 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

(17) Joint Ventures.

The County participates in the following joint ventures:

Jones County is a participant with the Cities of Laurel, Ellisville, and Sandersville in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Laurel-Jones County Library. The joint venture was created to provide free public library service to the citizens of Jones County. The Jones County Board of Supervisors appoints one of the four members of the board of directors. By contractual agreement, the County's appropriation to the joint venture was \$363,750 in fiscal year 2017. Complete financial statements for the Laurel-Jones County Library can be obtained from 530 Commerce Street, Laurel, MS 39440.

Jones County is a participant with Forrest County, the Cities of Hattiesburg and Laurel, and the State of Mississippi in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Hattiesburg-Laurel Regional Airport Authority. The joint venture was created to develop and maintain the airport for the members of the board of commissioners. The Jones County Board of Supervisors appoints one of the five members of the board of commissioners. By contractual agreement, the County's appropriation to the joint venture was \$270,477 in fiscal year 2017. Complete financial statements for the Hattiesburg-Laurel Regional Airport Authority can be obtained from 1002 Terminal Drive, Moselle, MS 39459.

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

Jones County is a participant with the Cities of Laurel, Ellisville, Soso and Sandersville in a joint venture, authorized by Section 19-9-11, Miss. Code Ann. (1972), to operate the Jones County Economic Development Authority. The joint venture was created to foster, encourage and facilitate economic development in the County. The Jones County Board of Supervisors appoints six of the 22 members of the board of trustees. By contractual agreement, the County's appropriation to the joint venture was \$222,023 in fiscal year 2017. Complete financial statements for the Jones County Economic Development Authority can be obtained from P.O. Box 527, Laurel, MS 39441.

(18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jones County Board of Supervisors appoints one of the 34 members of the board of directors. The County appropriated \$86,940 for support of the district in fiscal year 2017.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry, and Wayne. The Jones County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$145,000 for support of the entity in fiscal year 2017.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith, and Wayne. The Jones County Board of Supervisors appoints six of the 20 members of the college board of trustees. The County appropriated \$2,247,683 for maintenance and support of the college in fiscal year 2017.

Pearl River Valley Opportunity, Inc. operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jones County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants. The County appropriated \$41,778 for support of the entity in fiscal year 2017.

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

South Mississippi Fair operates in a district composed of Jones County and the City of Laurel. The Jones County Board of Supervisors appoints five of the ten members of the fair commission. The County issued general obligation bonds for the construction of a multi-purpose building to be used by the South Mississippi Fair. The County appropriated \$90,500 for support of the fair in fiscal year 2017.

(19) Tax Abatements.

As of September 30, 2017, Jones County provides tax exempt status to nine manufacturing companies and two processing plants subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school; the mandatory mill, and community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2017 totaled \$1,040,986.

(20) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Jones County evaluated the activity of the County through January 30, 2019, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2017

Subsequent to September 30, 2017, the County issued the following debt obligations:

<u>Issue</u>	<u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Amount</u>	<u>Type of</u> <u>Financing</u>	<u>Source of</u> <u>Financing</u>
01/06/2018		2.39%	\$ 109,492	Capital lease	Ad valorem taxes
02/05/2018		3.04%	107,574	Capital lease	Ad valorem taxes
05/07/2018		3.28%	96,639	Capital lease	Ad valorem taxes
05/07/2018		3.32%	32,595	Capital lease	Ad valorem taxes
05/21/2018		3.55%	11,000	Capital lease	Ad valorem taxes
08/06/2018		3.64%	44,000	Capital lease	Ad valorem taxes
09/04/2018		3.54%	111,000	Capital lease	Ad valorem taxes
11/05/2018		3.32%	310,267	Capital lease	Ad valorem taxes
11/19/2018		3.39%	108,681	Capital lease	Ad valorem taxes
12/03/2018		3.50%	142,577	Capital lease	Ad valorem taxes
12/03/2018		3.55%	65,240	Capital lease	Ad valorem taxes
01/07/2019		3.46%	178,380	Capital lease	Ad valorem taxes
01/07/2019		3.46%	31,300	Capital lease	Ad valorem taxes
01/22/2019		3.52%	84,875	Capital lease	Ad valorem taxes
01/22/2019		3.84%	33,750	Capital lease	Ad valorem taxes

JONES COUNTY

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JONES COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JONES COUNTY

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JONES COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 14,879,601	14,824,504	14,824,504	
Road and bridge privilege taxes		476,545	476,545	
Licenses, commissions and other revenue	489,500	717,864	717,864	
Fines and forfeitures	425,000	474,802	474,802	
Intergovernmental revenues	1,599,727	1,866,976	1,866,976	
Charges for services	225,000	329,673	329,673	
Interest income	20,000	49,667	49,667	
Rental income		187,180	187,180	
Miscellaneous revenues	484,680	312,749	312,749	
Total Revenues	<u>18,123,508</u>	<u>19,239,960</u>	<u>19,239,960</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	8,752,441	8,755,422	8,755,422	
Public safety	5,299,600	6,953,602	6,953,602	
Public works	270,477	270,477	270,477	
Health and welfare	1,186,054	1,180,961	1,180,961	
Culture and recreation	590,000	496,711	496,711	
Education	118,500	353,859	353,859	
Conservation of natural resources	141,553	138,518	138,518	
Economic development and assistance	258,963	262,220	262,220	
Debt service:				
Principal	49,543	47,908	47,908	
Interest		1,635	1,635	
Total Expenditures	<u>16,667,131</u>	<u>18,461,313</u>	<u>18,461,313</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>1,456,377</u>	<u>778,647</u>	<u>778,647</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		94,500	94,500	
Transfers in		637,442	637,442	
Transfers out		(980,567)	(980,567)	
Other financing sources	150,000			
Other financing uses	(707,914)			
Total Other Financing Sources and Uses	<u>(557,914)</u>	<u>(248,625)</u>	<u>(248,625)</u>	<u>0</u>
Net Change in Fund Balance	898,463	530,022	530,022	
Fund Balances - Beginning	<u>3,198,336</u>	<u>536,352</u>	<u>636,652</u>	<u>100,300</u>
Fund Balances - Ending	<u>\$ 4,096,799</u>	<u>1,066,374</u>	<u>1,166,674</u>	<u>100,300</u>

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

JONES COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Howard Industries Fund
 For the Year Ended September 30, 2017
 UNAUDITED

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

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

JONES COUNTY

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2017

	2017	2016	2015
County's proportion of the net pension liability (asset)	0.220782%	0.212147%	0.205099%
County's proportionate share of the net pension liability (asset)	\$ 36,701,461	37,894,752	31,704,261
County's covered payroll	\$ 14,163,286	13,571,523	12,911,284
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.13%	279.22%	245.55%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

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

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

JONES COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,229,389	2,181,330	2,033,531
Contributions in relation to the contractually required contribution	<u>2,229,389</u>	<u>2,181,330</u>	<u>2,033,531</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 14,154,850	13,849,717	12,911,284
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

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

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

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Howard Industries Fund</u>
Budget (Cash Basis)	\$ 530,022	-
Increase (Decrease)		
Net adjustments for revenue accruals	(164,943)	(150,000)
Net adjustments for expenditure accruals	(69,428)	-
GAAP Basis	<u>\$ 295,651</u>	<u>(150,000)</u>

Pension Schedules

A. Changes of assumptions.

2015

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

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

UNAUDITED

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%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

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

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end).

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense,

JONES COUNTY

SUPPLEMENTAL INFORMATION

JONES COUNTY

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JONES COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture-Forest Service/ Passed-through the Mississippi State Treasurer's Office Schools and roads - grants to states (Note B)*	10.665	N/A	\$ <u>49,202</u>
U.S. Department of Justice/ Passed-through the Mississippi Department of Public Safety			
Crime victim assistance	16.575	2015-VA-GX-4038	41,362
Crime victim assistance	16.575	2016-VA-037	27,605
Violence against women	16.588	STOP-2016-039	<u>8,625</u>
Total U.S. Department of Justice			<u>77,592</u>
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation			
Highway planning and construction cluster:			
Highway planning and construction	20.205	BR NBIS 081 B(34)	<u>49,120</u>
Passed-through the Mississippi Department of Public Safety			
State and community highway safety	20.600	OP-2017-OP-13-41	8,848
Alcohol open container requirements	20.607	154AL-2017-ST-13-41	<u>11,568</u>
Subtotal			<u>20,416</u>
Total U.S. Department of Transportation			<u>69,536</u>
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Service Projects of Regional and National Significance - Direct Award	93.243	1H79T1024997-01	<u>262,136</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Department of Public Safety			
High intensity drug trafficking areas program	95.001	N/A	<u>9,302</u>
Passed-through the Mississippi Emergency Management Agency			
Disaster grants - public assistance*	97.036	FEMA-4268-DR-MS	170,922
Disaster grants - public assistance*	97.036	FEMA-4175-DR-MS	<u>100,360</u>
Subtotal			<u>271,282</u>
Emergency management performance grant	97.042	N/A	<u>19,593</u>
Homeland security grant program	97.067	16L.E034	<u>9,645</u>
Total U.S. Department of Homeland Security			<u>309,822</u>
Total Expenditures of Federal Awards			<u><u>768,288</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - CFDA #10.665 Schools and road - grants to states

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$33,820 to subrecipients during the year ended September 30, 2015.

* Denotes major federal award program

JONES COUNTY

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JONES COUNTY

OTHER INFORMATION

JONES COUNTY

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JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

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

JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
Sallie Rustin	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Wanda Parrish Welch	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Rickey Hammonds	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Anna Emmons	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
W. Brock Shedd	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Barbara Mason	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Casey Pickering	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Belinda Key	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Joshua Satcher	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Julius Matthews	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Judy Beard	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Bettye Boyd	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Tina Byrd	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Wilda McCullum	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Carolyn Moody	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Connie Shoemaker	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Reanee Tanner	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Wendy Walters	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Lacey B. Hargrove	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Jennifer Fountain	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Bridget D. Howse	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Jeana Sims	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Kasey Sherman	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Sherry Farmer	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Victoria Maxcey	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Frances La'Shay Pruitt	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Jeana Sims	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000

JONES COUNTY

SPECIAL REPORTS

JONES COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jones County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jones County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 30, 2019. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities, the business-type activities and the Garbage Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2017-001, 2017-002 and 2017-003 that we consider to be material weaknesses.

Compliance and Other Matters

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

We also noted certain matters which we have reported to the management of Jones County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated January 30, 2019, included within this document.

Jones County's Responses to Findings

Jones County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Jones County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

January 30, 2019



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jones County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Jones County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jones County, Mississippi's major federal programs for the year ended September 30, 2017. Jones County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jones County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jones County, Mississippi's compliance.

Opinion on Each Major Federal Program

Basis for Qualified Opinion on CFDA 10.665, Schools and roads – grants to states

As described in the accompanying Schedule of Findings and Questioned Costs, Jones County, Mississippi did not comply with requirements regarding CFDA 10.665 Schools and roads – grants to states and as described in finding number 2017-003 for activities allowed and unallowed, allowable costs and cost principles, and earmarking. Compliance with such requirements is necessary, in our opinion, for Jones County, Mississippi to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 10.665, Schools and roads – grants to states

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Jones County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 10.665, Schools and roads – grants to states for the year ended September 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Jones County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of Jones County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jones County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003 that we consider to be significant deficiencies.

Jones County, Mississippi's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Jones County, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



JOE E. MCKNIGHT CPA
Director, County Audit Section

January 30, 2019



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jones County, Mississippi

We have examined Jones County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Jones County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

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

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

Repeat Finding Yes

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

Condition As reported in the prior four years' audit reports, the Assistant Purchase Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2017. Also, the Assistant Purchase Clerks are not listed on their blanket bond by name and position.

Cause	County personnel are not aware of requirements.
Effect	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should implement additional procedures to ensure the Assistant Purchase Clerks are bonded as required by state statute.
Views of Responsible Official(s)	We will comply.

Board of Supervisors, Receiving Clerk, and Assistant Receiving Clerks.

2. Assistant Receiving Clerks should be bonded as required by state statute.

Repeat Finding	Yes
Criteria	Section 31-7-124, Miss. Code Ann. (1972), requires Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior four years' audit reports, the Assistant Receiving Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2017. Also, the Assistant Receiving Clerks are not listed on their blanket bond by name and position.
Cause	County personnel are not aware of requirements.
Effect	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should implement additional procedures to ensure the Assistant Receiving Clerks are bonded as required by state statute.
Views of Responsible Official(s)	We will comply.

Board of Supervisors.

3. Inadequate controls over the inventory control system.

Repeat Finding	No
Criteria	An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include description of assets, cost, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records help identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation.
Condition	During our audit, we noted that the County deleted a truck from inventory and deemed it junked and to be sold for scrap. However, there is no record of the sale of scrap and the asset's location is unknown.
Cause	The County does not have adequate controls over capital asset deletions.
Effect	The failure to maintain an inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation The Inventory Control Clerk should implement appropriate control procedures to ensure that all assets are appropriately accounted for including their disposition date, method of disposition and location.

Views of Responsible Official(s) We will comply.

Inventory Control Clerk.

4. Inventory reports should be filed with the Office of the State Auditor each fiscal year.

Repeat Finding No

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires inventory reports to be filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor no later than October 15th of each fiscal year.

Condition The required inventory reports prepared by the Inventory Control Clerk were not filed timely with the Office of the State Auditor for fiscal year 2017. Inventory reports were filed November 3, 2017.

Cause The inventory reports were not prepared timely in order to meet the October 15th deadline.

Effect Failure to prepare the inventory reports timely increases the possibility of the loss or misappropriation of public funds and could result in the reporting of inaccurate amounts.

Recommendation The Inventory Control Clerk should prepare inventory reports and file with the Board of Supervisors and forward copies to the Office of the State Auditor no later than October 15th of each fiscal year.

Views of Responsible Official(s) The annual inventory report is through September 30th and it takes us a couple of weeks to prepare the report for submittal. The Board of Supervisors only meet twice a month and they approved the report at its second meeting in October and it was then mailed to the Auditor's office. As the second Board meeting was not until October 16 it was not possible to have submitted by October 15.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Jones County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

January 30, 2019

JONES COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
4/7/2017	2017 John Deere 310 SL	\$ 94,442	Stribling Equipment	\$ 88,999	36 month buyback was lower.

JONES COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/5/2016	Concrete pipe	\$ 9,942	Forterra Pipe	Flood damage

JONES COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
11/7/2016	Vigilant solutions	\$	15,870	Turn Key Mobile, Inc.
12/19/2016	2016 processing and postage for tax statements		17,059	Lawrence Printing
1/10/2017	Mobile LPR 4 camera system		19,400	Turn Key Mobile, Inc.
3/6/2017	Muffin Monster		9,325	TWC Environmental
5/31/2017	Concrete crushing		25,000	Sunbelt Crushing



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Jones County, Mississippi

In planning and performing our audit of the financial statements of Jones County, Mississippi for the year ended September 30, 2017, we considered Jones County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jones County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 30, 2019, on the financial statements of Jones County, Mississippi.

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

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

Chancery Clerk.

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

Repeat Finding Yes

Criteria An effective system of internal control should include maintaining a fee journal and reconciling the bank statement to the fee journal.

Condition As reported in the prior year's audit report, during our test work, it was noted that the fee journal was not properly posted and the bank statement was not reconciled to the fee journal monthly.

Cause Due to the omission of controls, we noted unreconciled balances and miscalculations were posted to the fee journal and annual financial report.

Effect Therefore, the Clerk's inaccurate Annual Financial Report resulted in the Clerk exceeding the salary cap by \$160 for the 2017 calendar year. Failure to properly maintain the fee journal and reconcile the bank statement could result in the loss of public funds.

Recommendation	The Chancery Clerk should implement controls to ensure the fee journal is properly maintained and reconciled monthly to the bank account. The Clerk should settle the total of \$160 over the salary cap to the County General Fund and ensure that future excess fees are settled timely.
Views of Responsible Official(s)	Clerk plans on switching to Delta accounting system to correct this problem.
Board of Supervisors.	
2.	<u>Lack of internal controls regarding documentation of employee payroll.</u>
Repeat Finding	No
Criteria	An effective system of internal control over the County payroll should include documentation and authorization of employee time sheets.
Condition	During our test work, it was noted that two employees were paid past their termination date without any payroll documentation supporting such payments.
Cause	The County failed to ensure documentation and authorization of employee time sheets.
Effect	The failure to require proper documentation and authorization of employee time sheets resulted in the issuance of erroneous payroll checks. Without proper controls regarding employee time sheets, unauthorized or inaccurate payroll checks could be processed.
Recommendation	The Board of Supervisors should install an adequate system of internal control regarding the County payroll. An adequate system should include requiring time sheets to be signed by the employee and approved by their supervisors. Also, the payroll clerk should retain the timesheets for documentation of the issued payroll checks.
Views of Responsible Official(s)	We had a change in Payroll clerks during this time and that may have led to the oversight. We don't feel this should happen in the future.
Board of Supervisors.	
3.	<u>The County entered into a business transaction that is a violation of state ethics law.</u>
Repeat Finding	No
Criteria	Section 25-4-105(3)(a), Miss. Code Ann. (1972), states that no public servant shall be a contractor, subcontractor or vendor with the governmental entity of which he is a member, officer, employee or agent, other than in his contract of employment, or have a material financial interest in any business which is a contractor, subcontractor or vendor with the governmental entity of which he is a member, officer, employee or agent.
Condition	During our test work, it was noted that on several instances the Board of Supervisors made vendor payments for catering services to an employee of the County.
Cause	The Board of Supervisors did not follow state ethic laws.
Effect	The County and the aforementioned employee are in violation of state law. As a result, the County made unauthorized payments in the amount of \$3,000 in fiscal year 2017.
Recommendation	The Board of Supervisors should stop any further vendor payments to employees of the County in the future to be in compliance with state ethics law.
Views of Responsible Official(s)	We are no longer making any vendor payments to employees of the county.

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

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

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

January 30, 2019

JONES COUNTY

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JONES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JONES COUNTY

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JONES COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Qualified
Howard Industries Fund	Unmodified
Countywide Bond and Interest Sinking Fund	Unmodified
Aggregate remaining fund information	Unmodified
Solid Waste	Qualified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs:

CFDA 10.665, Schools and roads - grants to states	Qualified
CFDA 97.036, Disaster grants - public assistance	Unmodified
6. Any audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
7. Identification of major federal programs:
 - a. CFDA 10.665, Schools and roads - grants to states
 - b. CFDA 97.036, Disaster grants - public assistance
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No

JONES COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2017-001. Financial data for component units should be included in the financial statements.

Repeat Finding Yes

Criteria Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that included the financial data of the County's legally separate component units.

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

Cause The County chooses not to include the component units in their financial statements.

Effect Failure to follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

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

Views of Responsible Official(s) See Auditee's Corrective Action Plan.

Material Weakness

2017-002. The County should comply with GASB Statement 45 and report on postemployment health care benefits.

Repeat Finding Yes

Criteria Jones County purchases health insurance coverage from a commercial health insurance company and offers health insurance benefit coverage through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined health care plan. GASB Statement 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition As reported in the prior seven years' audit reports, the County does not issue a publicly available financial report for its health insurance plan. The County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

Cause The County chooses not to receive an actuarial valuation.

Effect The failure to properly follow generally accepted accounting principles results in a qualified opinion on the governmental activities.

JONES COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Recommendation	The Board of Supervisors should have an actuarial valuation annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

Compliance Requirement: Activity Allowed/Unallowed, Allowable Cost/Cost Principles, Earmarking

Material Weakness

2017-003.	<u>National Forestry funds should be properly allocated between roads and schools.</u>
CFDA Number	10.665
Federal Award	Schools and roads – grants to states
Pass-through	Mississippi State Treasurer's Office
Questioned Costs	\$8,544.94
Repeat Finding	No
Statistically Valid	Yes
Criteria	Section 49-19-23, Miss. Code Ann. (1972), requires that 50% of the funds received by the County be expended for the benefit of the public schools, and the remaining 50% be expended for the benefits of the public roads.
Condition	During audit procedures, it was noted that the County failed to properly settle national forestry funds totaling \$486.75 to the various road funds and \$8,058.19 to the schools.
Cause	The County did not follow compliance procedures properly.
Effect	The failure to properly settle national forestry funds could result in the possibility of the loss or misuse of public funds.
Recommendation	The Board of Supervisors should promptly settle national forestry funds to the various road funds and the appropriate school districts.
View of Responsible Official(s)	See Auditee's Corrective Action Plan.

JONES COUNTY

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JONES COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

JONES COUNTY

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MISSISSIPPI

JONES COUNTY BOARD OF SUPERVISORS

P. O. BOX 1468
LAUREL, MS 39441

Telephone: (601) 428-3139
Fax: (601) 399-4727

Corrective Action Plan January 30, 2019

Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Gentlemen:

Jones County respectfully submits the following corrective action plan for the year ended September 30, 2017.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2017-001 As the County hospital has its own financial statements, we feel combining the two together would only confuse readers in trying to determine the financial position of each.

Name of Contact Person Responsible for the Corrective Action: Charles Miller, C.F.O.

2017-002 We understand this is a fairly new requirement placed on Counties; however, this information is very difficult to obtain. We will continue to seek help from our local health insurance agent to help us provide this actuary information in the future.

Name of Contact Person Responsible for the Corrective Action: Charles Miller, C.F.O.

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-003 Sometimes it is difficult to ascertain the source of federal and state funds received due to them being direct deposited and having very little description of the type funds on the remittance. In the future, any funds received that we are able to determine are National Forestry

JOHNNY BURNETT
DISTRICT 1

DANNY SPRADLEY
DISTRICT 2

BARRY SAUL
DISTRICT 3

DAVID SCRUGGS
DISTRICT 4

JEROME WYATT
DISTRICT 5

BART GAVIN
CLERK

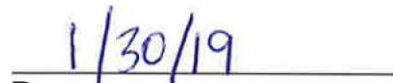
funds will be properly allocated as requested above. Furthermore, we will settle the above amounts noted to the road funds and the schools.

Name of Contact Person Responsible for the Corrective Action: Charles Miller, C.F.O.

Sincerely yours,

A handwritten signature in blue ink that reads "Johnny Burnett". The signature is written in a cursive style with a large initial "J".

Johnny Burnett
Vice-President, Board of Supervisor

A handwritten date in blue ink that reads "1/30/19". The date is written in a simple, legible style.

Date