

JONES COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2018

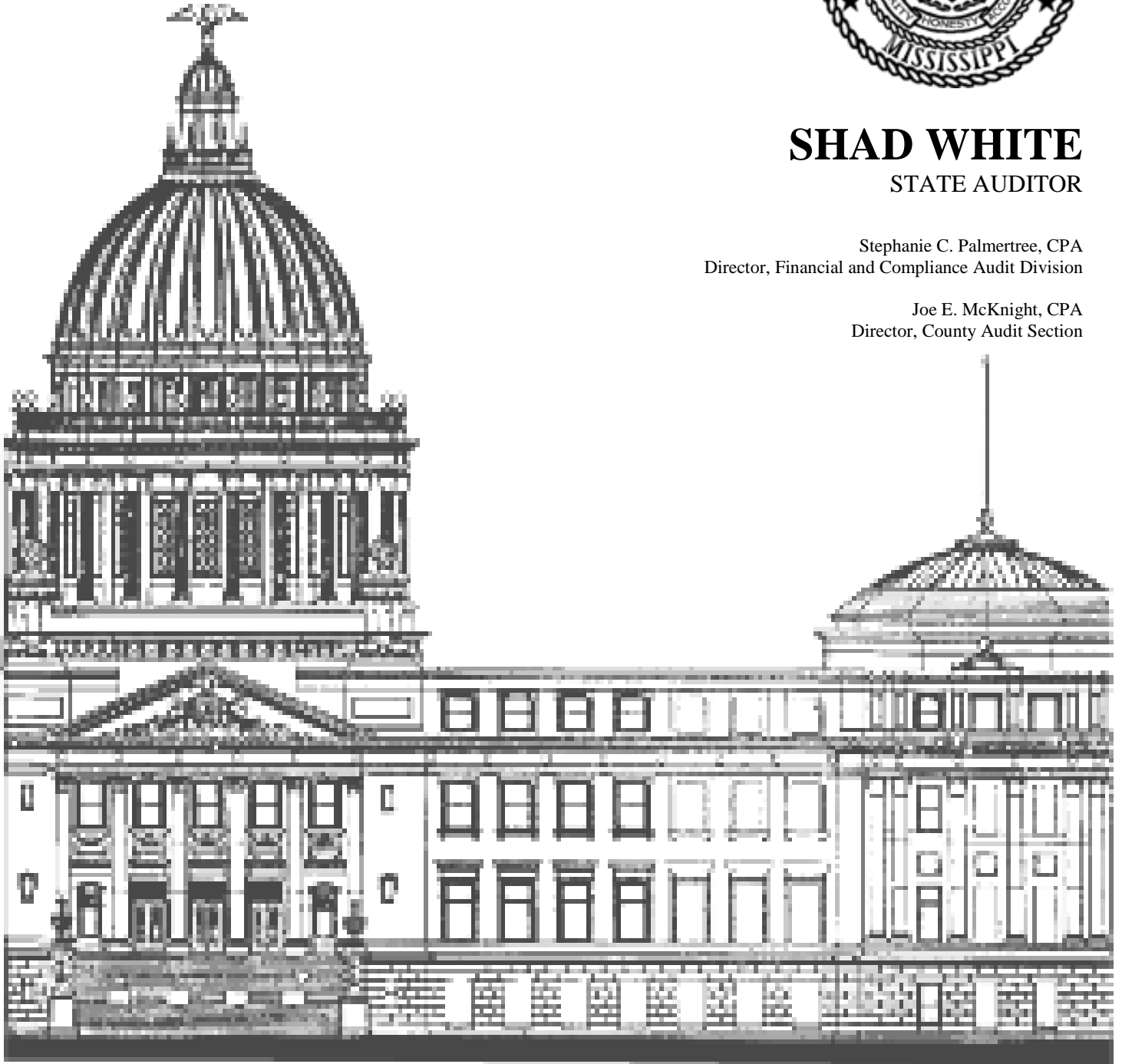


SHAD WHITE

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

February 12, 2020

Members of the Board of Supervisors
Jones County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 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, 2018, 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, 2018, 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 Solid Waste Fund

As discussed in Note 9 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 Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, the business-type activities and the Solid Waste 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 Solid Waste 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 Solid Waste 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 Solid Waste Fund of Jones County, Mississippi, as of September 30, 2018, 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 above present fairly, in all material respects, the respective financial position of the General Fund, Howard Industries Fund, Countywide Bond and Interest Sinking Fund, and the aggregate remaining fund information of Jones County, Mississippi, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2020 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

February 12, 2020

JONES COUNTY

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JONES COUNTY

FINANCIAL STATEMENTS

JONES COUNTY

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JONES COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 10,051,373	883,822	10,935,195
Property tax receivable	25,798,281		25,798,281
Accounts receivable (net of allowance for uncollectibles of \$1,253,327)		282,558	282,558
Fines receivable (net of allowance for uncollectibles of \$3,324,811)	945,676		945,676
Capital leases receivable	6,800,000		6,800,000
Intergovernmental receivables	450,235		450,235
Internal balances	50,138	(50,138)	
Capital assets:			
Land and construction in progress	1,056,279	30,000	1,086,279
Other capital assets, net	82,160,602	545,785	82,706,387
Total Assets	<u>127,312,584</u>	<u>1,692,027</u>	<u>129,004,611</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,154,886	71,884	1,226,770
Deferred amount on refunding	493,367		493,367
Total Deferred Outflows of Resources	<u>1,648,253</u>	<u>71,884</u>	<u>1,720,137</u>
LIABILITIES			
Claims payable	1,459,537	63,568	1,523,105
Intergovernmental payables	772,875		772,875
Accrued interest payable	689,387	4,788	694,175
Unearned revenue		196,903	196,903
Amounts held in custody for others	228,029		228,029
Long-term liabilities			
Net pension liability	34,303,231	2,113,161	36,416,392
Due within one year:			
Capital debt	5,297,770	199,253	5,497,023
Non-capital debt	1,316,750		1,316,750
Due in more than one year:			
Capital debt	43,940,037	370,082	44,310,119
Non-capital debt	9,670,770	40,378	9,711,148
Total Liabilities	<u>97,678,386</u>	<u>2,988,133</u>	<u>100,666,519</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	942,854	52,328	995,182
Deferred revenues - property taxes	25,798,281		25,798,281
Total Deferred Inflows of Resources	<u>26,741,135</u>	<u>52,328</u>	<u>26,793,463</u>
NET POSITION			
Net investment in capital assets	34,472,441	6,450	34,478,891
Restricted for:			
Expendable:			
General government	277,758		277,758
Public safety	565,995		565,995
Public works	4,122,902		4,122,902
Culture and recreation	25,478		25,478
Unemployment compensation	125,537		125,537
Unrestricted	(35,048,795)	(1,283,000)	(36,331,795)
Total Net Position	<u>\$ 4,541,316</u>	<u>(1,276,550)</u>	<u>3,264,766</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, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 10,124,283	1,218,213	330,586	19,670	(8,555,814)		(8,555,814)
Public safety	8,878,488	1,428,742	2,268,348		(5,181,398)		(5,181,398)
Public works	13,731,293		1,939,616	439,577	(11,352,100)		(11,352,100)
Health and welfare	1,199,821		441,607		(758,214)		(758,214)
Culture and recreation	1,248,237		339,750	2,900	(905,587)		(905,587)
Education	537,994				(537,994)		(537,994)
Conservation of natural resources	113,322				(113,322)		(113,322)
Economic development and assistance	269,655				(269,655)		(269,655)
Interest on long-term debt	1,643,628				(1,643,628)		(1,643,628)
Fiscal agents' fees	186,674				(186,674)		(186,674)
Pension expense	4,731,863				(4,731,863)		(4,731,863)
Total Governmental Activities	<u>42,665,258</u>	<u>2,646,955</u>	<u>5,319,907</u>	<u>462,147</u>	<u>(34,236,249)</u>		<u>(34,236,249)</u>
Business-type activities:							
Solid Waste	2,373,294	2,491,663				118,369	118,369
Total Business-type Activities	<u>2,373,294</u>	<u>2,491,663</u>	<u>0</u>	<u>0</u>		<u>118,369</u>	<u>118,369</u>
Total Primary Government	<u>\$ 45,038,552</u>	<u>5,138,618</u>	<u>5,319,907</u>	<u>462,147</u>	<u>(34,236,249)</u>	<u>118,369</u>	<u>(34,117,880)</u>
General revenues:							
Property taxes					\$ 26,029,026		26,029,026
Road & bridge privilege taxes					833,173		833,173
Grants and contributions not restricted to specific programs					2,780,569		2,780,569
Unrestricted interest income					218,866	4,528	223,394
Rental income					979,593		979,593
Miscellaneous					<u>1,256,551</u>	<u>3,656</u>	<u>1,260,207</u>
Total General Revenues,					<u>32,097,778</u>	<u>8,184</u>	<u>32,105,962</u>
Changes in Net Position					<u>(2,138,471)</u>	<u>126,553</u>	<u>(2,011,918)</u>
Net Position - Beginning					<u>6,679,787</u>	<u>(1,403,103)</u>	<u>5,276,684</u>
Net Position - Ending					<u>\$ 4,541,316</u>	<u>(1,276,550)</u>	<u>3,264,766</u>

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

JONES COUNTY
Balance Sheet - Governmental Funds
September 30, 2018

Exhibit 3

	Major Funds				
	General Fund	Howard Industries Fund	Countywide Bond & Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 4,008,202		202,991	5,840,180	10,051,373
Property tax receivable	15,836,981		4,135,786	5,825,514	25,798,281
Fines receivable (net of allowance for uncollectibles of \$3,324,811)	945,676				945,676
Capital leases receivable		6,800,000			6,800,000
Intergovernmental receivables	448,398			1,837	450,235
Due from other funds	20,924		55,001	562,092	638,017
Advances to other funds	31,649			497,394	529,043
Total Assets	\$ 21,291,830	6,800,000	4,393,778	12,727,017	45,212,625
LIABILITIES					
Liabilities:					
Claims payable	\$ 513,647			945,890	1,459,537
Intergovernmental payables	767,206				767,206
Due to other funds	202,762			420,000	622,762
Advances from other funds	49,535			450,294	499,829
Amounts held in custody for others	228,029				228,029
Total Liabilities	\$ 1,761,179	0	0	1,816,184	3,577,363
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	15,836,981		4,135,786	5,825,514	25,798,281
Unavailable revenue - capital leases		6,800,000			6,800,000
Unavailable revenue - fines	945,676				945,676
Total Deferred Inflows of Resources	\$ 16,782,657	6,800,000	4,135,786	5,825,514	33,543,957
Fund balances:					
Nonspendable:					
Advances	31,649				31,649
Restricted for:					
General government				277,758	277,758
Public safety				565,995	565,995
Public works				4,122,902	4,122,902
Culture and recreation				25,478	25,478
Debt service			257,992		257,992
Unemployment compensation				125,537	125,537
Committed to:					
General government				217,213	217,213
Public safety				88,186	88,186
Culture and recreation				34,330	34,330
Assigned to:					
Public safety				203,434	203,434
Unassigned	2,716,345			(575,514)	2,140,831
Total Fund Balances	\$ 2,747,994	0	257,992	5,085,319	8,091,305
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 21,291,830	6,800,000	4,393,778	12,727,017	45,212,625

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, 2018

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,091,305
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 \$134,043,912.	83,216,881
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	945,676
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(60,225,327)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(34,303,231)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(689,387)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	6,800,000
Deferred amount on refunding	493,367
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,154,886
Deferred inflows of resources related to pensions	<u>(942,854)</u>
Total Net Position - Governmental Activities	\$ <u><u>4,541,316</u></u>

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

JONES COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2018

	Major Funds				
	General Fund	Howard Industries Fund	Countywide Bond & Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 16,425,892		4,079,835	5,523,299	26,029,026
Road and bridge privilege taxes				833,173	833,173
Licenses, commissions and other revenue	853,748			25,953	879,701
Fines and forfeitures	369,889			461,840	831,729
Intergovernmental revenues	2,877,788			5,684,835	8,562,623
Charges for services	305,798			661,393	967,191
Interest income	119,479		2,579	96,808	218,866
Rental income	185,680		793,913		979,593
Miscellaneous revenues	432,491		79,867	744,193	1,256,551
Total Revenues	21,570,765	0	4,956,194	14,031,494	40,558,453
EXPENDITURES					
Current:					
General government	9,673,443			955,132	10,628,575
Public safety	6,153,840			3,875,806	10,029,646
Public works	279,241			12,683,159	12,962,400
Health and welfare	1,148,602				1,148,602
Culture and recreation	570,607			815,130	1,385,737
Education	537,994				537,994
Conservation of natural resources	118,356				118,356
Economic development and assistance	269,655				269,655
Debt service:					
Principal	37,527	1,150,000	3,674,020	2,735,643	7,597,190
Interest	732		1,175,087	326,821	1,502,640
Fiscal agents' fees			25,201	161,473	186,674
Total Expenditures	18,789,997	1,150,000	4,874,308	21,553,164	46,367,469
Excess of Revenues over (under) Expenditures	2,780,768	(1,150,000)	81,886	(7,521,670)	(5,809,016)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				5,012,300	5,012,300
Proceeds from sale of capital assets				152,586	152,586
Compensation for loss of capital assets				13,150	13,150
Transfers in	60,000			1,593,014	1,653,014
Transfers out	(1,306,008)			(347,006)	(1,653,014)
Lease principal payments		1,000,000			1,000,000
Total Other Financing Sources and Uses	(1,246,008)	1,000,000	0	6,424,044	6,178,036
Net Changes in Fund Balances	1,534,760	(150,000)	81,886	(1,097,626)	369,020
Fund Balances - Beginning	1,213,234	150,000	176,106	6,182,945	7,722,285
Fund Balances - Ending	\$ 2,747,994	0	257,992	5,085,319	8,091,305

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, 2018

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 369,020
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 \$3,912,409 exceeded capital outlays of \$2,787,021 in the current period.	(1,125,388)
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 \$28,044 and the proceeds from the sale of \$152,586 and the compensation for loss of \$13,150 in the current period.	(193,780)
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.	(31,666)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$7,597,190 exceeded debt proceeds of \$5,012,300.	2,584,890
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in compensated absences liability	80,936
The amount of increase in accrued interest payable	(119,505)
The amortization of bond premiums	46,635
The amortization of bond discounts	(12,294)
The amortization of deferred refunding charges	(55,824)
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	(4,731,863)
Recording of contributions made during the year	2,050,369
Rounding	<u>(1)</u>
Change in Net Position of Governmental Activities	<u>\$ (2,138,471)</u>

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

JONES COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2018

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste</u>
ASSETS	
Current assets:	
Cash	\$ 883,822
Accounts receivable (net of allowance for uncollectibles of \$1,253,327)	<u>282,558</u>
Total Current Assets	<u>1,166,380</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	30,000
Other capital assets, net	<u>545,785</u>
Total Noncurrent Assets	<u>575,785</u>
Total Assets	<u>1,742,165</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>71,884</u>
Total Deferred Outflows of Resources	<u>71,884</u>
LIABILITIES	
Current liabilities:	
Claims payable	63,568
Due to other funds	20,924
Advances from other funds	29,214
Accrued interest payable	4,788
Unearned revenue	196,903
Capital debt:	
Capital leases payable	<u>199,253</u>
Total Current Liabilities	<u>514,650</u>
Noncurrent liabilities:	
Net pension liability	2,113,161
Capital debt:	
Capital leases payable	370,082
Non-capital debt:	
Compensated absences payable	<u>40,378</u>
Total Noncurrent Liabilities	<u>2,523,621</u>
Total Liabilities	<u>3,038,271</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>52,328</u>
Total Deferred Inflows of Resources	<u>52,328</u>
NET POSITION	
Net investment in capital assets	6,450
Unrestricted	<u>(1,283,000)</u>
Total Net Position	<u>\$ (1,276,550)</u>

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, 2018

	Business-type Activities - Enterprise Fund
	<u>Solid Waste</u>
Operating Revenues	
Charges for services	\$ 2,491,663
Miscellaneous	3,656
Total Operating Revenues	<u>2,495,319</u>
Operating Expenses	
Personal services	1,126,838
Contractual services	562,173
Materials and supplies	174,686
Depreciation expense	187,530
Indirect administrative cost	20,924
Pension expense	288,277
Total Operating Expenses	<u>2,360,428</u>
Operating Income (Loss)	<u>134,891</u>
Nonoperating Revenues (Expenses)	
Interest income	4,528
Interest expense	(12,866)
Net Nonoperating Revenue (Expenses)	<u>(8,338)</u>
Changes in Net Position	126,553
Net Position - Beginning	<u>(1,403,103)</u>
Net Position - Ending	<u>\$ (1,276,550)</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, 2018

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,361,807
Payments to suppliers	(776,659)
Payments to employees	(1,250,107)
Other operating cash receipts	3,656
Net Cash Provided (Used) by Operating Activities	<u>338,697</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(239,906)
Interest paid on debt	<u>(14,635)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(254,541)</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>4,528</u>
Net Cash Provided (Used) by Investing Activities	<u>4,528</u>
Net Increase (Decrease) in Cash and Cash Equivalents	88,684
Cash and Cash Equivalents at Beginning of Year	795,138
Cash and Cash Equivalents at End of Year	<u><u>\$ 883,822</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>134,891</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	187,530
Provision for uncollectible accounts	185,903
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(317,524)
Increase (decrease) in claims payable	(39,800)
Increase (decrease) in pension liability, deferred outflows, and deferred inflows (net)	163,363
Increase (decrease) in compensated absences liability	1,645
Increase (decrease) in unearned revenue	1,765
Increase (decrease) in interfund payables	20,924
Total Adjustments	<u>203,806</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 338,697</u></u>

Noncash Capital Financing Activity:

Jones County did not have any noncash capital financing activity 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, 2018

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 684,707
Due from other funds	<u>5,669</u>
Total Assets	<u>\$ 690,376</u>
LIABILITIES	
Amounts held in custody for others	\$ 659,695
Intergovernmental payables	<u>30,681</u>
Total Liabilities	<u>\$ 690,376</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, 2018

(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, 2018

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, 2018

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

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, 2018

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.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

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 10 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.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

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

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

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.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

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.

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.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

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 Fund 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.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$11,619,902, and the bank balance was \$11,995,545. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 20,924
Countywide Bond & Interest Sinking Fund	General Fund	55,001
Other Governmental Funds	General Fund	142,092
Other Governmental Funds	Other Governmental Funds	420,000
Agency Funds	General Fund	<u>5,669</u>
Total		<u>\$ 643,686</u>

The receivables represent the tax revenue collected in September 2018, but not settled until October 2018, and indirect cost from the Solid Waste 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, 2018

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	2,435
General Fund	Solid Waste Fund	29,214
Other Governmental Funds	General Fund	49,535
Other Governmental Funds	Other Governmental Funds	447,859
Total		<u>\$ 529,043</u>

The advances represent interfund loans relating to indirect costs 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	60,000
Other Governmental Funds	General Fund	1,306,008
Other Governmental Funds	Other Governmental Funds	287,006
Total		<u>\$ 1,653,014</u>

The principal purpose of interfund transfers was to provide funds to pay for operating costs and to close out funds no longer in use. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2018, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 362,962
COPS grant	53,594
VOCA grant	12,906
Youth court reimbursement	9,632
DUI and occupant protection grant	2,758
County court judge salary reimbursement	6,546
Forestry grant	1,837
Total Governmental Activities	<u>\$ 450,235</u>

JONES COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2018

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,056,279				1,056,279
Total non-depreciable capital assets	<u>1,056,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056,279</u>
<u>Depreciable capital assets:</u>					
Infrastructure	152,095,696	174,000			152,269,696
Building	29,813,534	151,710			29,965,244
Improvements other than buildings	45,257				45,257
Mobile equipment	17,497,510	2,071,012	557,409	1,892,480	20,903,593
Furniture and equipment	3,558,230		5,071	145,856	3,699,015
Leased property under capital leases	11,064,466	390,299	94,720	(2,038,336)	9,321,709
Total depreciable capital assets	<u>214,074,693</u>	<u>2,787,021</u>	<u>657,200</u>	<u>-</u>	<u>216,204,514</u>
<u>Less accumulated depreciated for:</u>					
Infrastructure	101,559,568	629,150			102,188,718
Buildings	8,697,711	556,683			9,254,394
Improvements other than buildings	10,861	1,810			12,671
Mobile equipment	13,046,168	1,414,159	434,193	1,226,941	15,253,075
Furniture and equipment	2,888,735	148,416	3,652	105,016	3,138,515
Leased property under capital leases	4,391,880	1,162,191	25,575	(1,331,957)	4,196,539
Total accumulated depreciation	<u>130,594,923</u>	<u>3,912,409</u>	<u>463,420</u>	<u>-</u>	<u>134,043,912</u>
Total depreciable capital assets, net	<u>83,479,770</u>	<u>(1,125,388)</u>	<u>193,780</u>	<u>-</u>	<u>82,160,602</u>
Governmental activities capital assets, net	<u>\$ 84,536,049</u>	<u>(1,125,388)</u>	<u>193,780</u>	<u>-</u>	<u>83,216,881</u>

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

Business-type activities:

	Balance Oct. 1, 2017	Additions	Adjustments*	Balance Sept. 30, 2018
<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>				
Building	60,380			60,380
Mobile equipment	246,365		122,120	368,485
Furniture and equipment	8,749			8,749
Leased property under capital leases	1,035,118		(122,120)	912,998
Total depreciable capital assets	1,350,612	-	-	1,350,612
<u>Less accumulated depreciated for:</u>				
Buildings	4,832	1,208		6,040
Mobile equipment	221,728	21,982	87,927	331,637
Furniture and equipment	7,874			7,874
Leased property under capital leases	382,863	164,340	(87,927)	459,276
Total accumulated depreciation	617,297	187,530	-	804,827
Total depreciable capital assets, net	733,315	(187,530)	-	545,785
Business-type activities capital assets, net	\$ 763,315	(187,530)	-	575,785

*Adjustments to capital assets were for transfers of completed capital leases to the proper classification.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 227,916
Public safety	1,218,798
Public works	2,362,180
Health and welfare	65,724
Culture and recreation	37,791
Total governmental activities depreciation expense	\$ 3,912,409
Business-type activities:	
Solid waste	\$ 187,530

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

(6) 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, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(7) 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 \$979,593 for the year ended September 30, 2018. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	984,517
2020	984,617
2021	988,324
2022	985,374
2023	981,418
2024 - 2028	4,937,624
2029 - 2031	2,967,678
Total Minimum Payments Required	<u>\$ 12,829,552</u>

(8) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2018:

<u>Classes of Property</u>	<u>Amount</u>
Industrial Facilities for Howard Industries	\$ 4,200,000
Industrial Facilities for Howard Industries	<u>2,600,000</u>
Total	<u>\$ 6,800,000</u>

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2018, are as follows:

Year Ending September 30	Principal
2019	\$ 1,000,000
2020	1,000,000
2021	1,000,000
2022	1,000,000
2023	1,000,000
2024 - 2026	1,800,000
Total	\$ 6,800,000

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

Classes of Property	Governmental Activities	Business-type Activities
Buildings	\$ 2,906,801	
Mobile equipment	3,970,050	912,998
Furniture and equipment	2,444,858	
Total	9,321,709	912,998
Less: Accumulated depreciation	(4,196,539)	(459,276)
Leased Property Under Capital Leases	\$ 5,125,170	453,722

The following is a schedule by years of the total payments due as of September 30, 2018:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,954,520	345,853	199,253	10,210
2020	1,490,941	290,260	293,804	2,976
2021	1,444,822	242,817	76,278	1,503
2022	938,306	197,005		
2023	924,256	161,233		
2024 - 2028	3,260,267	276,968		
Total	\$ 10,013,112	1,514,136	569,335	14,689

(9) 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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

GASB Statement 75 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.

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2018, 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, 2018 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, 2018, 2017 and 2016 were \$2,175,284, \$2,229,389 and \$2,181,330, 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, 2018, the County reported a liability of \$36,416,392 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was 0.218941 percent, which was based on a measurement date of June 30, 2018.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

This was a decrease of 0.001841 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$5,020,140. At September 30, 2018, 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	\$ 155,773	154,802
Net difference between projected and actual earnings on pension plan investments	-	820,890
Changes of assumptions	21,668	19,490
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	517,776	-
County contributions subsequent to the measurement date	531,553	-
Total	\$ 1,226,770	995,182

\$531,553 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2019	\$ 868,822
2020	(66,234)
2021	(938,789)
2022	(163,764)
Total	\$ (299,965)

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 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, 2018 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.

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

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, 2018, 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 Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	100.00 %	

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

Sensitivity 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	\$ 47,949,940	36,416,392	26,830,493

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

JONES COUNTY

Notes to the Financial Statements
For the Year Ended September 30, 2018

(11) Long-term Debt.

Debt outstanding as of September 30, 2018, 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	\$ 975,000	3.00%	03/2021
Series 2009(A) bond	1,660,000	3.00/4.00%	09/2021
Series 2009(B) bond	3,265,000	5.50/6.10%	09/2024
MBIA bonds for Tech Park	4,200,000	0.00%	11/2023
MBIA bonds for Tech Park	2,600,000	0.00%	04/2025
Series 2010 Construction Bond	1,800,000	2.50/3.50%	12/2025
Series 2012 Road Bond	1,630,000	2.00%	06/2027
Series 2012 Refunding Bond	345,000	2.00%	10/2018
2013 Road Bond	4,290,000	2.00%	05/2028
2014 Road Bond	5,470,000	1.87/2.50%	06/2029
Series 2015 Refunding Bond	2,010,000	2.00%	06/2023
Series 2016 Bond	7,900,000	2.25%	09/2031
Series 2017 Bond	4,500,000	2.50/3.50%	09/2038
Total General Obligation Bonds	\$ <u>40,645,000</u>		
B. Limited Obligation Bonds:			
Series 2011 Bond - Co. Rest Home	\$ 830,000	2.50/5.50%	04/2031
Series 2011 Bond - Co. Rest Home	3,315,000	2.50/3.50%	04/2031
Series 2017 Limited Tax and Hospital Refunding Bond	4,135,000	1.60/4.00%	04/2031
Total Limited Obligation Bonds	\$ <u>8,280,000</u>		
C. Capital Leases:			
E911 Dispatching workstation	\$ 32,513	2.83%	06/2019
DHS Building	1,660,223	3.89%	04/2026
Radio equipment	5,784,530	3.87%	03/2027
2015 Ford F150 Truck, (3) 2015 Ford Taurus, & 2015 Chevy SUV	48,611	1.90%	08/2019
E911 CAD System	45,887	2.06%	03/2019
Network computer system	2,802	2.06%	05/2019
2000 Sterling 7500 truck	12,803	2.32%	02/2019
2004 Ford F450 truck	11,090	2.75%	04/2019
2003 Ford F750 pot hole patcher	12,864	2.65%	04/2019

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Capital Leases:			
Caterpillar 140H motor grader	38,481	2.07%	07/2019
2004 GMC 3500 truck & 1997 Eagle 10 ton trailer	8,662	2.29%	07/2019
John Deere 210 GLC excavator	137,385	2.04%	04/2019
Fifth Wheel Tilt trailer	7,093	2.12%	04/2019
2016 Mack CHU613 truck	31,304	2.07%	06/2019
2015 John Deere 310EL backhoe loader	67,901	1.75%	08/2020
2005 CAT 14C motor grader	37,700	2.59%	04/2019
2005 CAT MT525B Challenger tractor	12,937	2.59%	05/2019
2006 International 4400 dump truck	25,407	2.06%	09/2019
(2) Exmark mowers	11,339	1.94%	12/2019
E911 computer system	7,815	2.09%	03/2020
Used Bandit 1890 HD	24,401	2.01%	01/2020
2006 Ford truck & 2006 Chevy truck	25,392	2.39%	10/2019
John Deere 60G compact excavator	36,058	1.78%	08/2020
(2) Kubota tractors	65,877	1.62%	07/2020
John Deere 210G excavator	92,967	1.78%	08/2020
Used 2009 Ford F150 XL	11,250	2.30%	03/2020
John Deere 329E compact track loader	33,531	1.79%	05/2020
John Deere 60G compact excavator	36,077	1.78%	08/2020
Used 2008 Challenger model MT-465-B	40,042	2.04%	11/2019
Kubota M6-111DTC Tractor - Landpride Cutter	41,793	1.62%	07/2020
Lee Boy motor grader	78,533	1.78%	08/2020
John Deere 310SL backhoe loader	47,832	1.78%	08/2020
Used 2007 LaFrance Fire Truck	107,272	2.36%	05/2024
(2) 2017 Ford F-150 Trucks	37,796	2.35%	08/2021
(4) Diamond Rotary Cutters	27,340	2.03%	05/2021
New Kubota MG Tractor / Landpride Cutter	58,464	2.03%	05/2021
Dynapac 47 inch Roller Drum	27,876	2.32%	01/2021
2002 GMC 8500 Dump Truck	32,352	2.47%	04/2020
Western Star / Warren 4700SF	72,155	1.96%	08/2021
2017 John Deere Backhoe 310SL	87,762	2.00%	08/2020
New Kubota MG Tractor / Landpride Cutter	58,464	2.03%	05/2021
(4) Western Star / Warren Dump Bodies	288,593	1.94%	07/2021
Kubota Tractor M6 w/ Diamond Mower	85,325	1.96%	08/2021
2017 Ford F-150 Truck	16,057	1.95%	08/2021

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Capital Leases:			
(5) 2017 Ford F-150 Trucks	70,256	1.94%	07/2021
2018 John Deere dozer	109,492	2.39%	02/2021
John Deere 75-G excavator	96,639	3.28%	05/2021
2004 GMC C7500	44,000	3.64%	08/2022
2018 Caterpillar 420f backhoe loader	107,574	3.04%	02/2022
2018 C-1500 Crew Cab truck	32,595	3.32%	05/2022
Used Caterpillar tractor	111,000	3.54%	09/2021
Grizzly Smart Flow mosquito sprayer	11,000	3.55%	06/2021
Total Capital Leases	\$ 10,013,112		
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 loans 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.

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Capital Leases:			
2013 Ford F650 w/ PacMac knuckle boom loader	\$ 22,177	2.08%	03/2019
2015 Ford F250 truck w/ liftgate	5,919	2.19%	03/2019
(3) 2017 Western Star garbage trucks	316,800	1.64%	04/2019
(2) 2018 Western Star garbage trucks	224,439	1.97%	05/2021
Total Capital Leases	\$ 569,335		

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

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
2019	\$ 4,140,000	907,857	520,000	471,107
2020	4,185,000	758,689	535,000	455,567
2021	4,335,000	671,845	555,000	438,634
2022	4,445,000	588,362	570,000	225,275
2023	4,590,000	506,291	595,000	209,325
2024 - 2028	13,570,000	1,442,827	3,260,000	732,362
2029 - 2033	3,920,000	409,993	2,245,000	149,650
2034 - 2038	1,460,000	104,887	-	-
Total	\$ 40,645,000	5,390,751	8,280,000	2,681,920
Other Loans				
	Principal	Interest		
2019	\$ 227,099	23,351		

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 7.68% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 972,896	-	80,936	891,960	-
General obligation bonds	40,240,000	4,500,000	4,095,000	40,645,000	4,140,000
Less:					
Discounts	(29,356)		(4,722)	(24,634)	
Add:					
Premiums	73,303		27,736	45,567	
Limited obligation bonds	8,835,000		555,000	8,280,000	520,000
Less:					
Discounts	(102,893)		(7,572)	(95,321)	
Add:					
Premiums	261,443		18,899	242,544	
Capital leases	12,448,002	512,300	2,947,190	10,013,112	1,954,520
Other loans	227,099	-	-	227,099	-
Total	\$ 62,925,494	5,012,300	7,712,467	60,225,327	6,614,520

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
Business-type Activities:					
Compensated absences	\$ 38,733	1,645	-	40,378	-
Capital leases	809,241		239,906	569,335	199,253
				-	
Total	\$ 847,974	1,645	239,906	609,713	199,253

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.

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2018:

Fund	Deficit Amount
Emergency Management Fund	\$ 4,149
District 3 Road Fund	388,435
District 4 Road Fund	48,613
District 5 Road Fund	37,544
District 5 Bridge Fund	55,000
Solid Waste Fund	1,276,550

(13) 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, 2018, is \$57,745,000.

(14) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(35,048,795) 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 \$501,029 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, 2019. The \$653,857 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

3 years. The \$942,854 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 4 years.

The governmental activities' net investment in capital assets net position of \$34,472,441 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$55,824 of the \$493,367 balance of deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 13 years.

The business-type activities' unrestricted net position amount of \$(1,283,000) 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 \$30,524 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, 2019. The \$41,360 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$52,328 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 4 years.

(15) Joint Ventures.

The County participates in the following joint ventures:

Jones County is a participant with the Cities of Laurel, Ellisville, and Sandersville in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Laurel-Jones County Library. The joint venture was created to provide free public library service to the citizens of Jones County. The Jones County Board of Supervisors appoints one of the four members of the board of directors. By contractual agreement, the County's appropriation to the joint venture was \$375,000 in fiscal year 2018. 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 \$279,241 in fiscal year 2018. 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 2018. Complete financial statements for the Jones County Economic Development Authority can be obtained from P.O. Box 527, Laurel, MS 39441.

(16) Jointly Governed Organizations:

The County participates in the following jointly governed organizations:

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

JONES COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2018

The County appropriated \$75,940 for support of the district in fiscal year 2018.

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 2018.

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 \$2,336,454.18 for maintenance and support of the college in fiscal year 2018.

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 \$20,889 for support of the entity in fiscal year 2018.

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 \$120,500 for support of the fair in fiscal year 2018.

(17) Tax Abatements.

As of September 30, 2018, Jones County provides tax exempt status to nine manufacturing companies and one processing plant 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 2018 totaled \$964,762.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Jones County evaluated the activity of the County through February 12, 2020, 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, 2018

Subsequent to September 30, 2018, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
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%	31,390	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
03/04/2019	3.37%	205,907	Capital lease	Ad valorem taxes
04/15/2019	3.52%	29,935	Capital lease	Ad valorem taxes
05/20/2019	2.85%	397,500	Capital lease	Ad valorem taxes
05/20/2019	2.85%	13,000	Capital lease	Ad valorem taxes
07/15/2019	3.00%	262,069	Other loan	Ad valorem taxes
12/18/2019	2.82%	32,620	Capital lease	Ad valorem taxes
02/04/2020	2.75%	41,482	Capital lease	Ad valorem taxes

JONES COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JONES COUNTY

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JONES COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 15,599,897	16,442,603	16,442,603	
Road and bridge privilege taxes		958,668	958,668	
Licenses, commissions and other revenue	621,000	862,935	862,935	
Fines and forfeitures	440,000	367,931	367,931	
Intergovernmental revenues	1,706,295	1,989,427	1,989,427	
Charges for services	225,000	288,051	288,051	
Interest income	50,000	116,720	116,720	
Rental income		185,680	185,680	
Miscellaneous revenues	413,680	312,749	312,749	
Total Revenues	<u>19,055,872</u>	<u>21,524,764</u>	<u>21,524,764</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	8,975,561	9,151,241	9,151,241	
Public safety	5,540,469	6,172,661	6,172,661	
Public works	279,241	279,241	279,241	
Health and welfare	1,126,254	1,147,338	1,147,338	
Culture and recreation	470,000	536,927	536,927	
Education	278,500	529,503	529,503	
Conservation of natural resources	137,315	118,977	118,977	
Economic development and assistance	263,963	270,120	270,120	
Debt service:				
Principal	38,259	37,527	37,527	
Interest		732	732	
Total Expenditures	<u>17,109,562</u>	<u>18,244,267</u>	<u>18,244,267</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>1,946,310</u>	<u>3,280,497</u>	<u>3,280,497</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		16,882	16,882	
Transfers in		(14,403)	(14,403)	
Transfers out		(1,834,176)	(1,834,176)	
Other financing sources	40,000			
Other financing uses	(1,407,551)			
Total Other Financing Sources and Uses	<u>(1,367,551)</u>	<u>(1,831,697)</u>	<u>(1,831,697)</u>	<u>0</u>
Net Change in Fund Balance	578,759	1,448,800	1,448,800	
Fund Balances - Beginning	<u>4,096,799</u>	<u>1,066,374</u>	<u>1,166,674</u>	<u>100,300</u>
Fund Balances - Ending	<u>\$ 4,675,558</u>	<u>2,515,174</u>	<u>2,615,474</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, 2018
 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	0
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	0
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, 2018
UNAUDITED

	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.218941%	0.220782%	0.212147%	0.205099%
County's proportionate share of the net pension liability (asset)	\$ 36,416,392	36,701,461	37,894,752	31,704,261
Covered payroll	\$ 13,820,006	14,163,286	13,571,523	12,911,284
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	263.50%	259.13%	279.22%	245.55%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

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

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, 2018
UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,175,284	2,229,389	2,181,330	2,033,531
Contributions in relation to the contractually required contribution	<u>2,175,284</u>	<u>2,229,389</u>	<u>2,181,330</u>	<u>2,033,531</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 13,811,327	14,154,850	13,849,717	12,911,284
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

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, 2018

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 supplementary 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)	\$ 1,448,800	-
Increase (Decrease)		
Net adjustments for revenue accruals	89,119	(150,000)
Net adjustments for expenditure accruals	<u>(3,159)</u>	<u></u>
GAAP Basis	<u>\$ 1,534,760</u>	<u>(150,000)</u>

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2018

UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

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. 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.

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	36.6 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, including inflation

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, 2018
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
Sallie Rustin	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, 2018
UNAUDITED

Name	Position	Company	Bond
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

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 12, 2020. 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 Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

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 a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Jones County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated February 12, 2020, included within this document.

Jones County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

February 12, 2020



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, 2018. The Board of Supervisors of Jones County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Board of Supervisors, Purchase Clerk, and Assistant Purchase 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 five years' audit reports, the Assistant Purchase Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2018. 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 Officials	We are working with our insurance agent, SouthGroup Insurance, to ensure that Assistant Purchase Clerks have definite and adequate bonds. 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 the Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	As reported in the prior five years' audit reports, the Assistant Receiving Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2018. 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 Officials	We are working with our insurance agent (SouthGroup Insurance) to ensure that Assistant Receiving Clerks have definite and adequate bonds. We will comply.

Inventory Control Clerk.

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

Repeat Finding	Yes
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 15 th of each fiscal year.
Condition	As reported in the prior year's audit report, the required inventory reports prepared by the Inventory Control Clerk were not filed timely with the Office of the State Auditor for fiscal year 2018. Inventory reports were filed October 26, 2018.
Cause	The inventory reports were not prepared timely in order to meet the October 15 th 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 Officials

The Inventory Clerk will file the reports with the Board and send the inventory reports to the Office of the State Auditor by October 15th of each fiscal year.

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, 2018.

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 12, 2020

JONES COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2018

<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>
10/2/2017	Premium gas	\$ 2.554 per gallon	Kelley Oil	\$ 2.0368 per gallon	Lowest bidder unable to deliver gas due to Hurricane Harvey.
10/6/2017	Premium gas	2.554 per gallon	Kelley Oil	2.1631 per gallon	Lowest bidder did not have premium and could not get gas due to Tropical Storm Nate.
11/15/2017	Premium gas	2.3425 per gallon	Pine Belt Oil	2.3385 per gallon	Lowest bidder did not have premium to sell.
11/16/2017	10X30 Culverts	4.57 per foot	Coburn Supply	4.11 per foot	Lowest bidder could not provide until the following week.
12/19/2017	Premium gas	2.3874 per gallon	Kelley Oil	2.1618 per gallon	Lowest bidder did not have premium to sell.
12/21/2017	Premium gas	2.3693 per gallon	Kelley Oil	2.1618 per gallon	Lowest bidder did not have premium to sell.

JONES COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
2/12/2018	Bridge repair	\$ 9,854	Chris Schubert Construction	To repair bridge ASAP for safety
4/27/2018	Bridge repair	35,000	T&T Welding	To repair bridge ASAP for safety
4/24/2018	Bridge repair	15,000	T&T Welding	To repair bridge ASAP for safety
4/25/2018	Bridge repair	48,000	Ellis Dozier	To repair bridge ASAP for safety
5/21/2018	Bridge repair	82,258	Ellis Dozier	To repair bridge ASAP for safety
7/16/2018	Bridge repair	72,407	Ellis Dozier	To repair bridge ASAP for safety
5/31/2018	Bridge repair	68,443	Ellis Dozier	To repair bridge ASAP for safety
8/6/2018	Bridge repair	114,000	Ellis Dozier	To repair bridge ASAP for safety
5/7/2018	Bridge repair	20,500	Ellis Dozier	To repair bridge ASAP for safety
5/31/2018	Bridge repair	83,000	Ellis Dozier	To repair bridge ASAP for safety
5/15/2018	I-Beams for bridge repair	44,598	Skyline Steel	To repair bridge ASAP for safety
5/21/2018	I-Beams for bridge repair	22,299	Skyline Steel	To repair bridge ASAP for safety
6/29/2018	Bridge repair	63,000	Chris Albritton	To repair bridge ASAP for safety
5/21/2018	Bridge repair	30,000	T&T Welding	To repair bridge ASAP for safety
5/21/2018	Bridge repair	30,000	T&T Welding	To repair bridge ASAP for safety
5/21/2018	Bridge repair	89,286	T&T Welding	To repair bridge ASAP for safety
5/21/2018	Bridge repair	50,000	T&T Welding	To repair bridge ASAP for safety
5/21/2018	Bridge repair	15,000	Chris Albritton	To repair bridge ASAP for safety
5/21/2018	Bridge repair	20,000	Chris Albritton	To repair bridge ASAP for safety

JONES COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
11/27/2017	Professional services, web hosting, and design	\$	34,100	Brooks Jeffrey Marketing
12/18/2017	2017 Tax statement processing		17,490	Lawrence Printing
12/18/2017	Inserts 2017 Tax statements		811	Lawrence Printing



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, 2018, we considered Jones County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jones County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated February 12, 2020, 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 two years' 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 \$2,158 for the 2018 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 \$2,158 over the salary cap to the County General Fund and ensure that future excess fees are settled timely.

Views of Responsible Official Switching to Delta fee journal system.

Board of Supervisors, Justice Clerk, and Deputy Justice Clerks.

2. The Justice Clerk and Deputy Clerks should be bonded as required by state statute.

Repeat Finding No

Criteria Section 9-11-29(2), Miss. Code (1972), requires that the Justice Court Clerk and Deputy Clerks be bonded for a minimum of \$50,000. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Condition The Justice Clerk and Deputy Clerks have bonds that were written as “indefinite” and were not adequately bonded for the fiscal year 2018.

Cause The County failed to ensure that officials were properly bonded.

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 Justice Clerk and Deputy Clerks are bonded as required by state statute.

Views of Responsible Officials We are working with our insurance agent, SouthGroup Insurance, to ensure that the Justice Court Clerk and Deputy Clerks have definite and adequate bonds. We will comply.

Board of Supervisors, Tax Assessor/Collector, and Deputy Tax Assessors/Collectors.

3. Deputy Tax Assessors/Collectors should be bonded as required by state statute.

Repeat Finding No

Criteria Section 27-1-3, Miss. Code Ann. (1972), states that each Deputy Tax Assessor shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties. Section 27-1-9a, Miss. Code Ann. (1972), states that each deputy tax collector shall give bond to be payable, conditioned and approved as provided by law in an amount not less than Fifty Thousand Dollars (\$ 50,000.00) for the faithful discharge of his duties. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Condition The Deputy Tax Assessors/Collectors have no bonds and were not adequately bonded for the fiscal year 2018.

Cause The County failed to ensure that officials were properly bonded.

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 Deputy Tax Assessors/Collectors are bonded as required by state statute.
Views of Responsible Officials	We are working with our insurance agent, SouthGroup Insurance, to ensure that the Deputy Tax Assessor-Collectors have definite and adequate bonds. We will comply.
Sheriff.	
4.	<u>The Sheriff should improve controls over purchases of evidence.</u>
Repeat Finding	No
Criteria	<p>An effective system of internal control over expenditures for the purchase of evidence in the form of narcotics and/or other illegal drugs from confidential sources includes adequate documentation of all expenditures including the following:</p> <ol style="list-style-type: none"> The exact amount paid to the confidential source. The specific date of the expenditure. A description of the information provided or evidence purchased for payment. The signature of the officer making the payment. The signature of at least one individual witnessing the payment. The signature of the confidential source, even if it is an assumed name. The actual investigative case number.
Condition	During our audit testing procedures, we noted a few receipts tested omitted at least one of the items listed above.
Cause	Failure of personnel to document case number, CI number and evidence description.
Effect	Failure to properly document all payments for the purchase of evidence increases the risk of misappropriation of public funds.
Recommendation	The Sheriff should establish controls to ensure all payments for the purchase of evidence are properly documented.
Views of Responsible Official	<p>The following steps have been taken to ensure compliance with Buy Money in our Narcotics Division in response to the audit findings:</p> <ul style="list-style-type: none"> Our Narcotics Investigators have received training to ensure that all forms are filled out properly and completely All vouchers will be signed by a Supervisor with quarterly reports submitted to guarantee compliance. A request for the reimbursement of \$280.00 from the Sheriff's budget to the Buy Money was requested on the June 17, 2019 board meeting.

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

February 12, 2020

JONES COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

JONES COUNTY

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JONES COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Howard Industries Fund	Unmodified
Countywide Bond and Interest Sinking Fund	Unmodified
Aggregate remaining fund information	Unmodified
Solid Waste Fund	Qualified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? None Reported
3. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.516(b)? Yes

Section 2: Financial Statement Findings

Material Weakness

2018-001. The County should comply with GASB Statement 75 and report on postemployment health care benefits.

Repeat Finding Yes

Criteria Jones County purchases health insurance coverage from a commercial 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 75 as a single employer defined health care plan. GASB Statement 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition As reported in the prior eight 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, business-type activities, and the Solid Waste Fund.

Recommendation The Board of Supervisors should have an actuarial valuation annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Official(s) We will contact an actuary and our local health insurance agent to determine this information.

JONES COUNTY

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JONES COUNTY

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 2018

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

Gentlemen:

The Jones County Board of Supervisors respectfully submits the following summary schedule of prior audit findings relative to federal audits.

2017-3 National Forestry funds should be properly allocated between roads and schools.

CFDA Number 10.665

Finding

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. 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. 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.

JOHNNY BURNETT
DISTRICT 1

DANNY SPRADLEY
DISTRICT 2

BARRY SAUL
DISTRICT 3

DAVID SCRUGGS
DISTRICT 4

JEROME WYATT
DISTRICT 5

BART GAVIN
CLERK

Current Status

Once we were made aware of this we promptly sent the \$8,058.19 of Forestry funds to the Jones Co. School district in November 2018. We will transfer the \$486.75 of forestry funds from the General Fund to the Road funds in February 2020.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Charles Miller".

Charles Miller
Jones County C.F.O.