

JONES COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020

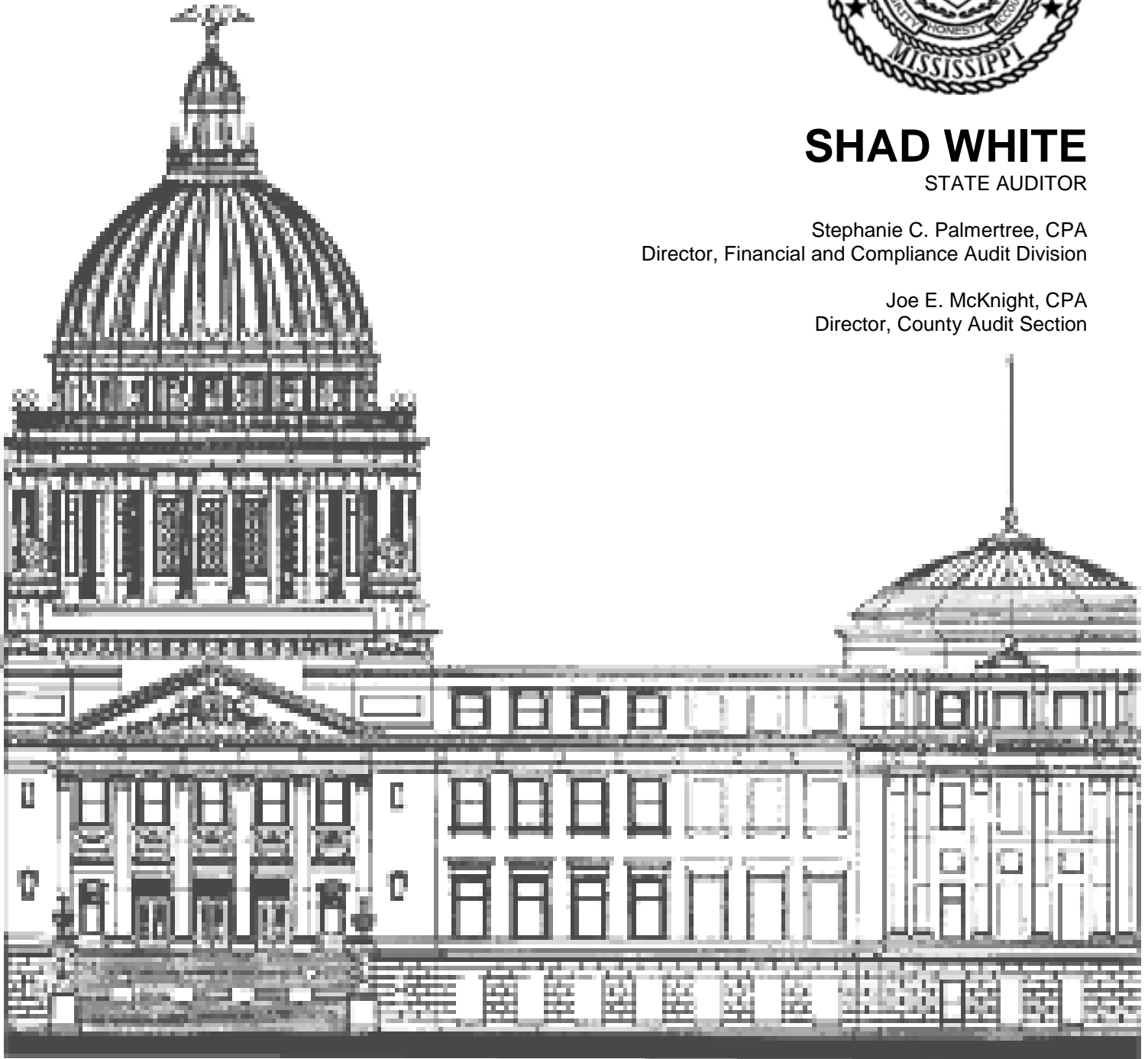


SHAD WHITE

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

www.osa.state.ms.us



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

Shad White
AUDITOR

February 16, 2022

Members of the Board of Supervisors
Jones County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 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
TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position	9
Statement of Activities.....	10
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Proprietary Fund	15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	16
Statement of Cash Flows - Proprietary Fund.....	17
Statement of Fiduciary Assets and Liabilities	18
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	45
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund.....	47
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – District One Road Fund	48
Schedule of the County's Proportionate Share of the Net Pension Liability	49
Schedule of County Contributions.....	50
Notes to the Required Supplementary Information.....	51
SUPPLEMENTARY INFORMATION.....	55
Schedule of Expenditures of Federal Awards.....	57
OTHER INFORMATION	59
Schedule of Surety Bonds for County Officials	61
SPECIAL REPORTS	63
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 <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	67
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))	69
Limited Internal Control and Compliance Review Management Report	75
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	79
AUDITEE'S CORRECTIVE ACTION PLAN AND AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	85

JONES COUNTY

FINANCIAL SECTION

JONES COUNTY

(This page left blank intentionally.)



**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, 2020, 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, 2020, 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 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities and Solid Waste Fund and accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities, and Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities, and Solid Waste Fund has not been determined.

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, 2020, 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.

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, District One Road Fund, Countywide Bond and Interest Sinking Fund, and the aggregate remaining fund information of Jones County, Mississippi, as of September 30, 2020, 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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 16, 2022 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 16, 2022

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY

FINANCIAL STATEMENTS

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 13,182,991	693,484	13,876,475
Property tax receivable	27,750,520		27,750,520
Accounts receivable (net of allowance for uncollectibles of \$1,648,143)		268,945	268,945
Fines receivable (net of allowance for uncollectibles of \$3,438,722)	736,385		736,385
Capital leases receivable	4,800,000		4,800,000
Intergovernmental receivables	412,422		412,422
Other receivables	71	137,432	137,503
Internal balances	64,337	(64,337)	0
Capital assets:			
Land and construction in progress	1,111,148	30,000	1,141,148
Other capital assets, net	90,187,476	632,939	90,820,415
Total Assets	138,245,350	1,698,463	139,943,813
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,418,421	223,803	3,642,224
Deferred amount on refunding	416,479		416,479
Total Deferred Outflows of Resources	3,834,900	223,803	4,058,703
LIABILITIES			
Claims payable	2,201,922	47,774	2,249,696
Intergovernmental payables	906,118		906,118
Accrued interest payable	655,581	13,743	669,324
Unearned revenue		219,996	219,996
Amounts held in custody for others	238,536		238,536
Long-term liabilities			
Due within one year:			
Capital debt	5,643,913	290,469	5,934,382
Non-capital debt	1,341,741		1,341,741
Due in more than one year:			
Capital debt	46,614,048	610,301	47,224,349
Non-capital debt	6,222,703	56,259	6,278,962
Net pension liability	38,755,745	2,428,634	41,184,379
Total Liabilities	102,580,307	3,667,176	106,247,483
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	992,906	41,480	1,034,386
Deferred revenues - property taxes	27,750,520		27,750,520
Total Deferred Inflows of Resources	28,743,426	41,480	28,784,906
NET POSITION			
Net investment in capital assets	39,457,142	(237,831)	39,219,311
Restricted for:			
Expendable:			
General government	436,195		436,195
Public safety	844,684		844,684
Public works	4,608,820		4,608,820
Culture and recreation	17,128		17,128
Unemployment compensation	120,418		120,418
Unrestricted	(34,727,870)	(1,548,559)	(36,276,429)
Total Net Position	\$ 10,756,517	(1,786,390)	8,970,127

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

JONES COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 10,430,603	1,179,402	1,108,624	22,070	(8,120,507)		(8,120,507)
Public safety	8,978,869	1,142,768	1,828,959		(6,007,142)		(6,007,142)
Public works	11,138,040		1,887,142	60,513	(9,190,385)		(9,190,385)
Health and welfare	1,231,231		408,123		(823,108)		(823,108)
Culture and recreation	1,138,693		360,000	2,800	(775,893)		(775,893)
Education	414,456				(414,456)		(414,456)
Conservation of natural resources	95,113				(95,113)		(95,113)
Economic development and assistance	292,627				(292,627)		(292,627)
Interest on long-term debt	2,025,060				(2,025,060)		(2,025,060)
Fiscal agents' fees	33,528				(33,528)		(33,528)
Pension expense	3,444,588				(3,444,588)		(3,444,588)
Total Governmental Activities	39,222,808	2,322,170	5,592,848	85,383	(31,222,407)		(31,222,407)
Business-type activities:							
Solid Waste	2,545,825	2,270,688				(275,137)	(275,137)
Total Business-type Activities	2,545,825	2,270,688	0	0		(275,137)	(275,137)
Total Primary Government	\$ 41,768,633	4,592,858	5,592,848	85,383	(31,222,407)	(275,137)	(31,497,544)
General revenues:							
Property taxes					\$ 27,690,447		27,690,447
Road & bridge privilege taxes					845,811		845,811
Grants and contributions not restricted to specific programs					2,834,726		2,834,726
Rental income					1,159,684		1,159,684
Unrestricted interest income					426,554	16,877	443,431
Miscellaneous					1,855,675	2,153	1,857,828
Total General Revenues					34,812,897	19,030	34,831,927
Changes in Net Position					3,590,490	(256,107)	3,334,383
Net Position - Beginning					7,166,027	(1,530,283)	5,635,744
Net Position - Ending					\$ 10,756,517	(1,786,390)	8,970,127

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

JONES COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds				
	General Fund	District 1 Road Fund	Countywide Bond & Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 6,825,478	1,439,669	339,063	4,578,781	13,182,991
Property tax receivable	16,992,867	633,860	4,301,301	5,822,492	27,750,520
Fines receivable (net of allowance for uncollectibles of \$3,438,722)	736,385				736,385
Capital lease receivable				4,800,000	4,800,000
Intergovernmental receivables	375,273			37,149	412,422
Other receivables	71				71
Due from other funds	27,989	19,232	64,080	148,474	259,775
Advances to other funds	336,348	811,000		338,232	1,485,580
Total Assets	<u>\$ 25,294,411</u>	<u>2,903,761</u>	<u>4,704,444</u>	<u>15,725,128</u>	<u>48,627,744</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 382,737	16,567		1,802,618	2,201,922
Intergovernmental payables	899,921				899,921
Due to other funds	237,983				237,983
Advances from other funds				1,449,232	1,449,232
Amounts held in custody for others	238,536				238,536
Total Liabilities	<u>\$ 1,759,177</u>	<u>16,567</u>	<u>0</u>	<u>3,251,850</u>	<u>5,027,594</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	16,992,867	633,860	4,301,301	5,822,492	27,750,520
Unavailable revenue - capital leases				4,800,000	4,800,000
Unavailable revenue - fines	736,385				736,385
Total Deferred Inflows of Resources	<u>\$ 17,729,252</u>	<u>633,860</u>	<u>4,301,301</u>	<u>10,622,492</u>	<u>33,286,905</u>
Fund balances:					
Nonspendable:					
Advances	336,348				336,348
Restricted for:					
General government				436,195	436,195
Public safety				844,684	844,684
Public works		2,253,334		2,355,486	4,608,820
Culture and recreation				17,128	17,128
Debt service			403,143		403,143
Unemployment compensation				120,418	120,418
Committed to:					
General government				285,155	285,155
Public safety				62,943	62,943
Culture and recreation				38,568	38,568
Assigned to:					
Public safety				185,910	185,910
Unassigned	5,469,634			(2,495,701)	2,973,933
Total Fund Balances	<u>\$ 5,805,982</u>	<u>2,253,334</u>	<u>403,143</u>	<u>1,850,786</u>	<u>10,313,245</u>
Total Liabilities and Fund Balances	<u>\$ 25,294,411</u>	<u>2,903,761</u>	<u>4,704,444</u>	<u>15,725,128</u>	<u>48,627,744</u>

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

JONES COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,313,245
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 \$139,465,619.	91,298,624
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	736,385
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(59,822,405)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(38,755,745)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(655,581)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,800,000
Deferred amount on refunding	416,479
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,418,421
Deferred inflows of resources related to pensions	<u>(992,906)</u>
Total Net Position - Governmental Activities	\$ <u>10,756,517</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, 2020

	Major Funds				
	General	District 1	Countywide	Other	Total
	Fund	Road	Bond & Interest Sinking	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 16,984,927	602,380	4,506,750	5,596,390	27,690,447
Road and bridge privilege taxes		118,413		727,398	845,811
Licenses, commissions and other revenue	932,628			25,565	958,193
Fines and forfeitures	384,219			88,699	472,918
Intergovernmental revenues	3,637,884	349,054	186,594	4,296,525	8,470,057
Charges for services	326,033			650,271	976,304
Interest income	329,718	20,104	1,044	75,688	426,554
Rental income	184,680		975,004		1,159,684
Miscellaneous revenues	820,856	1,893		1,075,823	1,898,572
Total Revenues	23,600,945	1,091,844	5,669,392	12,536,359	42,898,540
EXPENDITURES					
Current:					
General government	10,054,850			1,169,097	11,223,947
Public safety	7,414,953			3,175,859	10,590,812
Public works	269,445	1,121,375		11,616,469	13,007,289
Health and welfare	1,187,987				1,187,987
Culture and recreation	716,321			919,097	1,635,418
Education	414,456				414,456
Conservation of natural resources	99,939				99,939
Economic development and assistance	292,627				292,627
Debt service:					
Principal	57,813		8,572,822	2,490,675	11,121,310
Interest	8,488		1,500,932	264,575	1,773,995
Bond issue costs			161,091		161,091
Fiscal agents' fees			33,528		33,528
Total Expenditures	20,516,879	1,121,375	10,268,373	19,635,772	51,542,399
Excess of Revenues over (under) Expenditures	3,084,066	(29,531)	(4,598,981)	(7,099,413)	(8,643,859)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	729,049	166,484		1,104,366	1,999,899
Refunding bonds issued			4,885,000		4,885,000
Proceeds from sale of capital assets				88,675	88,675
Compensation for loss of capital assets	5,619			5,170	10,789
Transfers in	50,000	155,726	150	2,230,409	2,436,285
Transfers out	(2,026,240)			(410,045)	(2,436,285)
Lease principal payments				1,000,000	1,000,000
Total Other Financing Sources and Uses	(1,241,572)	322,210	4,885,150	4,018,575	7,984,363
Net Changes in Fund Balances	1,842,494	292,679	286,169	(3,080,838)	(659,496)
Fund Balances - Beginning	3,963,488	1,960,655	116,974	4,931,624	10,972,741
Fund Balances - Ending	\$ 5,805,982	2,253,334	403,143	1,850,786	10,313,245

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, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (659,496)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$6,171,124 exceeded depreciation of \$3,430,985 in the current period.	2,740,139
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 \$233,883 and the proceeds from the sale of \$88,675 and compensation for loss of capital assets of \$10,789 in the current period.	(333,347)
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.	(85,245)
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 \$11,121,310 exceeded debt proceeds of \$1,999,899.	9,121,411
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(113,927)
The amount of increase in accrued interest payable	(56,992)
The issuance of refunding bond	(4,885,000)
The amortization of bond premiums	17,756
The amortization of bond discounts	(12,294)
The amortization of deferred refunding charges	(38,444)
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	(3,444,588)
Recording of contributions made during the year	<u>2,340,517</u>
Change in Net Position of Governmental Activities	\$ <u><u>3,590,490</u></u>

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

JONES COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2020

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 693,484
Accounts receivable (net of allowance for uncollectibles of \$1,648,143)	268,945
Other receivables	137,432
Total Current Assets	<u>1,099,861</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	30,000
Other capital assets, net	632,939
Total Noncurrent Assets	<u>662,939</u>
Total Assets	<u>1,762,800</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	223,803
Total Deferred Outflows of Resources	<u>223,803</u>
LIABILITIES	
Current liabilities:	
Claims payable	47,774
Due to other funds	27,989
Advances from other funds	36,348
Accrued interest payable	13,743
Unearned revenue	219,996
Capital debt:	
Capital leases payable	290,469
Total Current Liabilities	<u>636,319</u>
Noncurrent liabilities:	
Net pension liability	2,428,634
Capital debt:	
Capital leases payable	610,301
Non-capital debt:	
Compensated absences payable	56,259
Total Noncurrent Liabilities	<u>3,095,194</u>
Total Liabilities	<u>3,731,513</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	41,480
Total Deferred Inflows of Resources	<u>41,480</u>
NET POSITION	
Net investment in capital assets	(237,831)
Unrestricted	(1,548,559)
Total Net Position	<u>\$ (1,786,390)</u>

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

JONES COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 2,270,688
Miscellaneous	<u>2,153</u>
Total Operating Revenues	<u>2,272,841</u>
Operating Expenses	
Personal services	1,288,173
Contractual services	603,613
Materials and supplies	144,456
Depreciation expense	178,624
Indirect administrative cost	27,989
Pension expense	<u>243,323</u>
Total Operating Expenses	<u>2,486,178</u>
Operating Income (Loss)	<u>(213,337)</u>
Nonoperating Revenues (Expenses)	
Interest income	16,877
Gain (loss) on sale of capital assets	(35,929)
Interest expense	<u>(23,718)</u>
Net Nonoperating Revenue (Expenses)	<u>(42,770)</u>
Net Income (Loss) Before Capital Contributions,	<u>(256,107)</u>
Changes in Net Position	(256,107)
Net Position - Beginning	<u>(1,530,283)</u>
Net Position - Ending	<u>\$ (1,786,390)</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, 2020

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,162,780
Payments to suppliers	(754,172)
Payments to employees	(1,444,435)
Other operating cash receipts	793
Net Cash Provided (Used) by Operating Activities	(35,034)
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Interfund loan repayments	(50,138)
Net Cash Provided (Used) by Noncapital Financing Activities	(50,138)
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	277,878
Proceeds from sale of capital assets	153,754
Acquisition and construction of capital assets	(277,878)
Principal paid on long-term debt	(235,956)
Interest paid on debt	(24,434)
Net Cash Provided (Used) by Capital and Related Financing Activities	(106,636)
Cash Flows From Investing Activities	
Interest on deposits	16,877
Net Cash Provided (Used) by Investing Activities	16,877
Net Increase (Decrease) in Cash and Cash Equivalents	(174,931)
Cash and Cash Equivalents at Beginning of Year	868,415
Cash and Cash Equivalents at End of Year	\$ 693,484
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (213,337)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	178,624
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	13,764
(Increase) decrease in other receivable	(137,432)
Increase (decrease) in claims payable	(7,463)
Increase (decrease) in compensated absences liability	9,070
Increase (decrease) in unearned revenue	15,760
Increase (decrease) in interfund payables	27,989
Increase (decrease) in pension liability, deferred outflows (net)	77,991
Total Adjustments	178,303
Net Cash Provided (Used) by Operating Activities	\$ (35,034)

Noncash Capital Financing Activity:

Jones County lease purchased mobile equipment for \$277,878 for 3 years at 2.00% interest.

Principal payments of \$235,956 were made on the leases 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, 2020

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 407,993
Due from other funds	<u>6,197</u>
Total Assets	<u>\$ 414,190</u>
LIABILITIES	
Amounts held in custody for others	\$ 113,913
Intergovernmental payables	<u>300,277</u>
Total Liabilities	<u>\$ 414,190</u>

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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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

Fund Financial Statements:

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

District One Road Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance in District One of the County.

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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

G. Interfund Transactions and Balances.

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

H. 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:

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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

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

I. Deferred Outflows/Inflows of Resources:

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

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 11 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.

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

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

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 11 for additional details.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

J. Long-term Liabilities.

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

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

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

K. Pensions.

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

L. Compensated Absences.

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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.

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

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

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

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

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

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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

N. Property Tax Revenues:

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

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

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

O. Other Postemployment Benefits.

Plan Description

The Jones County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Jones County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 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.

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$14,284,468, and the bank balance was \$15,611,046. 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, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 27,989
District One Road Fund	General Fund	19,232
Countywide Bond & Interest Sinking Fund	General Fund	64,080
Other Governmental Funds	General Fund	148,474
Agency Funds	General Fund	6,197
Total		\$ <u>265,972</u>

The receivables represent the tax revenue collected in September 2020, but not settled until October, 2020, 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.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	300,000
General Fund	Solid Waste Fund	36,348
District One Road Fund	Other Governmental Funds	811,000
Other Governmental Funds	Other Governmental Funds	338,232
Total		\$ <u>1,485,580</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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	50,000
District One Road Fund	General Fund	155,726
Countywide Bond & Interest Sinking Fund	Other Governmental Funds	150
Other Governmental Funds	General Fund	1,870,514
Other Governmental Funds	Other Governmental Funds	359,895
Total		<u>\$ 2,436,285</u>

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

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 331,887
County Court Judge salary reimbursement	3,317
Welfare reimbursement	25,460
Youth Court grant reimbursement	14,609
EMPG reimbursement	36,491
Forestry reimbursement	658
Total Governmental Activities	<u>\$ 412,422</u>

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
Non-depreciable capital assets:					
Land	\$ 1,056,279		40,566		1,015,713
Construction in progress	1,130,355	95,435		(1,130,355)	95,435
Total non-depreciable capital assets	2,186,634	95,435	40,566	(1,130,355)	1,111,148
Depreciable capital assets:					
Infrastructure	159,063,694	2,223,064			161,286,758
Buildings	30,032,710	586,263	100,497	1,130,355	31,648,831
Improvements other than buildings	45,257				45,257
Mobile equipment	21,688,178	1,196,962	887,115	1,186,989	23,185,014
Furniture and equipment	3,969,686	69,501	57,365	15,313	3,997,135
Leased property under capital leases	8,745,770	1,999,899	53,267	(1,202,302)	9,490,100
Total depreciable capital assets	223,545,295	6,075,689	1,098,244	1,130,355	229,653,095
Less accumulated depreciation for:					
Infrastructure	103,028,111	823,095			103,851,206
Buildings	9,812,427	589,508	28,139		10,373,796
Improvements other than buildings	12,671	1,810			14,481
Mobile equipment	16,492,234	1,156,481	710,409	765,119	17,703,425
Furniture and equipment	3,447,804	42,161	36,201	7,875	3,461,639
Leased property under capital leases	4,046,850	817,930	30,714	(772,994)	4,061,072
Total accumulated depreciation	136,840,097	3,430,985	805,463	-	139,465,619
Total depreciable capital assets, net	86,705,198	2,644,704	292,781	1,130,355	90,187,476
Governmental activities capital assets, net	\$ 88,891,832	2,740,139	333,347	-	91,298,624

Business-type activities:

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
Non-depreciable capital assets:				
Land	\$ 30,000			30,000
Total non-depreciable capital assets	30,000	-	-	30,000
Depreciable capital assets:				
Buildings	60,380			60,380
Mobile equipment	440,410			440,410
Furniture and equipment	8,749			8,749
Leased property under capital leases	1,004,147	277,878	296,380	985,645
Total depreciable capital assets	1,513,686	277,878	296,380	1,495,184
Less accumulated depreciation for:				
Buildings	7,248	1,208		8,456
Mobile equipment	396,370			396,370
Furniture and equipment	7,874			7,874
Leased property under capital leases	378,826	177,416	106,697	449,545
Total accumulated depreciation	790,318	178,624	106,697	862,245
Total depreciable capital assets, net	723,368	99,254	189,683	632,939
Business-type activities capital assets, net	\$ 753,368	99,254	189,683	662,939

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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 120,632
Public safety	945,384
Public works	2,192,490
Health and welfare	59,946
Culture and recreation	112,533
	<hr/>
Total governmental activities depreciation expense	\$ <u>3,430,985</u>
	Amount
Business-type activities:	
Solid waste	\$ <u>178,624</u>

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
District 2 Barn	\$ 10,106	February, 2021

(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, 2020, to January 1, 2021. 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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$1,068,847 for the year ended September 30, 2020. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2021	1,169,314
2022	970,955
2023	980,005
2024	977,155
2025	970,205
2026 - 2030	4,869,637
2031 - 2035	975,455
Total Minimum Payments Required	<u>\$ 10,912,726</u>

(8) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2020:

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

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2020, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>
2021	\$ 1,000,000
2022	1,000,000
2023	1,000,000
2024	<u>1,800,000</u>
Total	<u>\$ 4,800,000</u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	\$ 2,906,801	
Mobile equipment	4,686,592	985,645
Furniture and equipment	1,896,707	
Total	9,490,100	985,645
Less: Accumulated depreciation	4,061,072	449,545
Leased Property Under Capital Leases	\$ 5,429,028	536,100

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,996,103	302,659	290,469	23,800
2022	1,911,430	243,641	430,327	16,288
2023	1,624,313	182,847	179,974	3,605
2024	1,434,392	133,514		
2025	977,306	88,801		
2026 - 2027	1,323,454	62,465		
Total	\$ 9,266,998	1,013,927	900,770	43,693

(9) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
MBIA bonds for Tech Park	\$ 330,000	3.00%	03/2021
Series 2009(A) bond	130,000	3.00-4.00%	09/2021
MBIA bonds for Tech Park	2,800,000	0.00%	11/2023
MBIA bonds for Tech Park	2,000,000	0.00%	04/2025
Series 2012 Road Bond	1,305,000	2.00%	06/2027
2013 Road Bond	3,530,000	2.00%	05/2028
2014 Road Bond	4,625,000	1.875-2.50%	06/2029
Series 2015 Refunding Bond	1,235,000	2.00%	06/2023
Series 2016 Bond	7,400,000	2.25%	09/2031
Series 2017 Bond	4,300,000	2.50-3.50%	09/2038
Series 2019 Bond	9,275,000	3.27%	09/2034
Series 2020 Refunding Bond	4,885,000	1.20%	12/2025
Total General Obligation Bonds	\$ 41,815,000		

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
B. Limited Obligation Bonds:			
Series 2011 Bond-Co. Rest Home	\$ 290,000	2.50-5.50%	04/2031
Series 2011 Bond-Co. Rest Home	2,880,000	2.00-3.50%	03/2031
Series 2017 Limited Tax & Hospital Refunding Bond	<u>4,055,000</u>	1.60-4.00%	04/2031
Total Limited Obligation Bonds	<u>\$ 7,225,000</u>		
C. Capital Leases:			
(4) - 2018 Nissan Kicks	\$ 49,773	3.55%	12/2022
Used 2007 LaFrance Fire Truck	72,553	2.36%	05/2024
2019 Ford F150	23,939	3.46%	01/2023
3 Ton Air Conditioner	8,788	2.85%	06/2022
2019 Ford F250 Pickup	22,835	3.52%	05/2023
VFD Pagers	136,034	3.46%	01/2023
DHS Building - EDA	1,291,611	3.89%	04/2026
(2) 2017 Ford F-150 Trucks	12,896	2.35%	08/2021
(4) Diamond Rotary Cutters	8,297	2.03%	05/2021
2018 John Deere Dozer	93,358	2.39%	02/2021
New Kubota MG Tractor / Landpride Cutter	20,380	2.03%	05/2021
Dynapac 47 inch Roller Drum	9,506	2.32%	01/2021
Western Star / Warren 4700SF	24,520	1.96%	08/2021
John Deere 75-G Excavator	79,168	3.28%	05/2021
2004 GMC C7500	22,786	3.64%	08/2022
2019 Caterpillar Backhoe Loader	95,248	3.39%	12/2021
2018 Cat 320 Excavator	179,827	3.37%	03/2022
2019 Mack Truck w Dump Body	129,836	3.50%	12/2021
Kubota Tractor w Diamond Side Mow er	64,744	3.52%	02/2023
New Kubota MG Tractor / Landpride Cutter	20,380	2.03%	05/2021
(4) Western Star / Warren Dump Bodies	98,052	1.94%	07/2021
Kubota Tractor MG w / Diamond Mow er	28,996	1.96%	08/2021
2018 Caterpillar 420F Backhoe Loader	55,397	3.04%	02/2022
2018 C-1500 Crew Cab Truck	16,829	3.32%	05/2022
Used Caterpillar Tractor	75,268	3.54%	09/2021
Used 2011 Freightliner	25,783	3.84%	02/2023
2017 Ford F-150 Truck	5,455	1.95%	08/2021
(5) 2017 Ford F-150 Trucks	23,870	1.94%	07/2021
Grizzly Smart Flow Mosquito Sprayer	3,796	3.55%	06/2021
Radio Equipment	4,567,174	3.87%	03/2027
2 New Nissan Kicks	32,620	2.82%	12/2023
2020 Ford F-150 Super Crew Truck	41,482	2.75%	02/2024
John Deere 6015E Tractor / Alamo Mow er	121,628	2.58%	03/2024
2019 Chevy Silverado & 2020 Chevy Silverado	65,332	2.58%	03/2024
2020 Ford F150 Police Responder	36,419	2.58%	03/2024
2019 Chevy Silverado 4WD Crew Cab	29,880	2.06%	05/2024
2021 Western Star 4700SF Tandem Dump Truck	144,554	1.82%	09/2024
(3) Western Star Knucklebooms	499,452	1.44%	09/2024

JONES COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
Capital Leases:			
(3) 2021 Western Star 4700SF Single Axle	332,103	1.44%	09/2024
(20) 2020 Dodge Durango Police Vehicles	<u>696,429</u>	1.44%	09/2024
Total Capital Leases	\$ <u>9,266,998</u>		
D. Other Loans:			
MS Development Authority - Debar*	\$ 27,003	5.50%	07/2006
MS Development Authority - Debar*	200,096	5.50%	07/2010
Fire Trucks	<u>246,716</u>	3.00%	10/2029
Total Other Loans	\$ <u>473,815</u>		

*The possibility exist 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 Activites:			
A. Capital Leases:			
(2) 2018 Western Star Garbage Trucks	\$ 76,278	1.97%	05/2021
(3) 2020 Western Star Garbage Trucks	301,106	2.85%	06/2022
2019 Western Star 4700SB	245,508	3.32%	11/2021
(2) Western Star 4700 Garbage Trucks	<u>277,878</u>	2.00%	04/2023
Total Capital Leases	\$ <u>900,770</u>		

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

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 4,184,000	880,917	555,000	438,634
2022	4,850,000	815,030	570,000	225,275
2023	4,890,000	737,710	595,000	209,325
2024	4,935,000	654,842	610,000	191,475
2025	3,841,000	579,844	625,000	169,525
2026 - 2030	12,880,000	1,816,025	3,495,000	496,237
2031 - 2035	5,335,000	520,106	775,000	24,775
2036 - 2040	<u>900,000</u>	<u>36,987</u>		
Total	\$ <u>41,815,000</u>	<u>6,041,461</u>	<u>7,225,000</u>	<u>1,755,246</u>

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Year Ending September 30	Other Loans	
	Principal	Interest
2021	\$ 250,551	30,266
2022	24,165	6,202
2023	24,900	5,466
2024	25,658	4,709
2025	26,438	3,947
2026 - 2030	122,103	8,684
Total	\$ 473,815	59,274

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, 2020, the amount of outstanding debt was equal to 7.40 percent of the latest property assessments.

Current Refunding - On April 30, 2020, the County issued \$4,885,000 in general obligation refunding bonds with an average interest rate of 1.20% to refund \$4,665,000 of the following outstanding bond issue(s):

Issue	Average Interest Rate	Outstanding Amount Refunded
Series 2009B Bond	5.80%	\$ 3,265,000
Series 2010 Bond - Construction	3.35%	1,400,000

The County refunded the above bonds to reduce its total debt service payments over the next 6 years by almost \$122,457 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$122,418.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Adjustments	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 799,312	113,927			913,239	
General obligation bonds	45,780,000	4,885,000	8,850,000		41,815,000	4,184,000
Less:						
Discounts	(19,912)		(4,722)		(15,190)	
Add:						
Premiums	17,831		13,297	14,440	18,974	
Limited obligation bonds	7,760,000		535,000		7,225,000	555,000
Less:						
Discounts	(87,749)		(7,572)		(80,177)	
Add:						
Premiums	223,645		18,899		204,746	
Capital leases	8,988,056	1,999,899	1,720,957		9,266,998	1,996,103
Other loans	489,168		15,353		473,815	250,551
Total	\$ 63,950,351	6,998,826	11,141,212	14,440	59,822,405	6,985,654

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Business-type Activities:					
Compensated absences	\$ 47,189	9,070		56,259	
Capital leases	858,848	277,878	235,956	900,770	290,469
Total	\$ 906,037	286,948	235,956	957,029	290,469

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

(10) Other Postemployment Benefits

Plan Description

The Jones County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Jones County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 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.

(11) 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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$2,505,849, \$2,170,940 and \$2,175,284, 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, 2020, the County reported a liability of \$41,184,379 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.212742 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.006934 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$3,687,911. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

JONES COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 357,791	
Net difference between projected and actual earnings on pension plan investments	1,639,900	
Changes of assumptions	222,875	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	789,284	1,034,386
County contributions subsequent to the measurement date	<u>632,374</u>	
Total	<u>\$ 3,642,224</u>	<u>1,034,386</u>

\$632,374 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2021	\$ (233,381)
2022	652,300
2023	1,011,428
2024	<u>545,117</u>
Total	<u>\$ 1,975,464</u>

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
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 contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 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:

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 53,308,118	41,184,379	31,177,423

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

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2020:

Fund	Deficit Amount
097 E-911 Fund	\$ 67,744
120 2020 Tornado Fund	1,557,208
150 Countywide Road Maintenance Fund	248,388
153 District Three Road Fund	322,361
176 Countywide Bridge Repair Fund	300,000
400 Solid Waste Fund	1,786,390

(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.

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(34,727,870) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$590,651 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, 2021. The \$2,827,770 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$992,906 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$39,457,142 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$38,444 of the \$416,479 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 11 years.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

The business-type activities' unrestricted net position amount of \$(1,548,559) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$41,723 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, 2021. The \$182,080 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$41,480 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three 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 \$407,501 in fiscal year 2020. 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 \$269,445 in fiscal year 2020. 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 \$251,605 in fiscal year 2020. 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. The County appropriated \$75,940 for support of the district in fiscal year 2020.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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 2020.

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 \$2,680,989 for maintenance and support of the college in fiscal year 2020.

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 2020.

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 \$263,360 for support of the fair in fiscal year 2020.

(17) Tax Abatements.

As of September 30, 2020, Jones County provides tax exempt status to eight 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 2020 totaled \$1,233,388.

(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 16, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Subsequent to September 30, 2020, 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>
11/01/2020	1.84%	\$ 61,670	Capital lease	Ad valorem taxes
01/01/2021	1.79%	335,808	Capital lease	Ad valorem taxes
04/08/2021	3.00%-4.00%	2,405,000	Limited tax & hospital revenue refunding bond	Ad valorem taxes & hospital revenue
04/08/2021	0.46%-1.52%	24,931,000	GO refunding bond	Ad valorem taxes
06/01/2021	1.65%	189,500	Capital lease	Ad valorem taxes
07/13/2021	1.95%	48,538	Capital lease	Ad valorem taxes
08/18/2021	1.74%	87,168	Capital lease	Ad valorem taxes
12/01/2020	1.77%	175,938	Capital lease	Ad valorem taxes
01/18/2022	1.91%	189,500	Capital lease	Ad valorem taxes

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 16,623,983	17,005,346	17,005,345	(1)
Road and bridge privilege taxes		989,285	989,285	
Licenses, commissions and other revenue	1,566,900	912,832	912,832	
Fines and forfeitures	362,500	376,129	376,129	
Intergovernmental revenues	1,834,000	2,894,290	2,894,289	(1)
Charges for services	225,000	285,906	285,906	
Interest income	140,000	329,102	329,102	
Miscellaneous revenues	336,680	455,519	455,519	
Total Revenues	<u>21,089,063</u>	<u>23,248,409</u>	<u>23,248,407</u>	<u>(2)</u>
EXPENDITURES				
Current:				
General government	9,835,526	10,124,825	10,077,377	47,448
Public safety	5,937,973	7,421,372	7,421,372	
Public works	268,445	269,445	269,445	
Health and welfare	1,171,794	1,183,385	1,183,385	
Culture and recreation	537,000	650,361	650,361	
Education	525,000	412,572	412,572	
Conservation of natural resources	164,457	100,161	100,161	
Economic development and assistance	318,963	292,627	292,627	
Debt service:				
Principal		57,813	57,813	
Interest		8,488	8,488	
Total Expenditures	<u>18,759,158</u>	<u>20,521,049</u>	<u>20,473,601</u>	<u>47,448</u>
Excess of Revenues over (under) Expenditures	<u>2,329,905</u>	<u>2,727,360</u>	<u>2,774,806</u>	<u>47,446</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		1,350,653	1,350,653	
Other financing uses	<u>(1,344,931)</u>	<u>(2,225,982)</u>	<u>(2,227,142)</u>	<u>(1,160)</u>
Total Other Financing Sources and Uses	<u>(1,344,931)</u>	<u>(875,329)</u>	<u>(876,489)</u>	<u>(1,160)</u>
Net Change in Fund Balance	984,974	1,852,031	1,898,317	46,286
Fund Balances - Beginning	<u>4,825,076</u>	<u>3,546,239</u>	<u>3,337,792</u>	<u>(208,447)</u>
Fund Balances - Ending	<u>\$ 5,810,050</u>	<u>5,398,270</u>	<u>5,236,109</u>	<u>(162,161)</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)
 District One Road Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 715,446	602,123	602,123	
Road and bridge privilege taxes		118,003	118,003	
Intergovernmental revenues	314,100	349,055	349,055	
Interest income	10,000	20,104	20,104	
Miscellaneous revenues	1,500	1,893	1,893	
Total Revenues	<u>1,041,046</u>	<u>1,091,178</u>	<u>1,091,178</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>1,088,230</u>	<u>1,110,058</u>	<u>1,110,058</u>	
Total Expenditures	<u>1,088,230</u>	<u>1,110,058</u>	<u>1,110,058</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(47,184)</u>	<u>(18,880)</u>	<u>(18,880)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		155,726	155,726	
Transfers out		(341)	(341)	
Other financing sources	<u>86,000</u>			
Total Other Financing Sources and Uses	<u>86,000</u>	<u>155,385</u>	<u>155,385</u>	<u>0</u>
Net Change in Fund Balance	38,816	136,505	136,505	
Fund Balances - Beginning	<u>1,421,600</u>	<u>731,645</u>	<u>731,645</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,460,416</u>	<u>868,150</u>	<u>868,150</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, 2020
UNAUDITED

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.212742%	0.205808%	0.218941%	0.220782%	0.212147%	0.205099%
County's proportionate share of the net pension liability (asset)	\$ 41,184,379	36,205,688	36,416,392	36,701,461	37,894,752	31,704,261
Covered payroll	\$ 14,164,213	13,403,733	13,820,006	14,163,286	13,571,523	12,911,284
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.76%	270.12%	263.50%	259.13%	279.22%	245.55%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,505,849	2,170,940	2,175,284	2,229,389	2,181,330	2,033,531
Contributions in relation to the contractually required contribution	<u>2,505,849</u>	<u>2,170,940</u>	<u>2,175,284</u>	<u>2,229,389</u>	<u>2,181,330</u>	<u>2,033,531</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 14,401,431	13,434,035	13,811,327	14,154,850	13,849,717	12,911,284
Contributions as a percentage of covered payroll	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%

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

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, 2020 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 the major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	District One Road Fund
Budget (Cash Basis)	\$ 1,898,317	136,505
Increase (Decrease)		
Net adjustments for revenue accruals	(213,447)	167,150
Net adjustments for expenditure accruals	157,624	(10,976)
GAAP Basis	\$ <u>1,842,494</u>	<u>292,679</u>

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020 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. 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%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

JONES COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
UNAUDITED

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY

SUPPLEMENTARY INFORMATION

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service/ Passed-through the Mississippi State Treasurer's Office Forest service schools and roads cluster: Schools and roads - grants to states	10.665	N/A	\$ 103,883
Total U.S. Department of Agriculture			103,883
U.S. Department of Justice/ Passed-through the Mississippi Department of Health Crime victim assistance	16.575	2020-VA-044	21,722
Crime victim assistance	16.575	2021-VA-044	9,533
Subtotal			31,255
Violence against women formula grants	16.588	2020-ST-044	20,967
Violence against women formula grants	16.588	2021-ST-044	12,953
Subtotal			33,920
U.S. Department of Justice - Office of Justice Programs/ Passed-through the Mississippi Department of Public Safety Bulletproof Vest Partnership Program (Direct)	16.607	19098714	15,100
Edward Byrne memorial justice assistance program (Direct)	16.738	2018-DJ-BX-0372	6,000
Edward Byrne memorial justice assistance program (Direct)	16.738	2019-DJ-BX-0858	9,958
Subtotal			15,958
Total U.S. Department of Justice			96,233
U.S. Department of Transportation/ Passed-through the Mississippi Department of Transportation Highway safety cluster: State and community highway safety	20.600	OP-2020-OP-13-41	52,239
Total highway safety cluster			52,239
Passed-through the Mississippi Department of Public Safety Alcohol open container requirements	20.607	154AL-2020-ST-13-41	50,169
Total U.S. Department of Transportation			102,408
U.S. Department of the Treasury/ Passed-through the Mississippi Emergency Management Agency Coronavirus relief fund*	21.019	N/A	1,021,995
Total U.S. Department of the Treasury			1,021,995

JONES COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance	97.036	FEMA-4415-DR- MS	152,349
Emergency management performance grants	97.042	N/A	53,815
Passed-through the Mississippi Department of Public Safety Homeland security grant program	97.067	19LE034	8,300
Total U.S. Department of Homeland Security			214,464
Total Expenditures of Federal Awards			\$ 1,538,983

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Jones County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jones County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Jones County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Jones County has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

* Denotes major federal award program

JONES COUNTY

OTHER INFORMATION

JONES CONTY

(

(This page left blank intentionally.)

JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
John Burnett	Supervisor District 1	Brierfield Insurance Company	\$100,000
T. Larry Dykes	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Phil Dickerson	Supervisor District 3	Travelers Casualty and Surety Company	\$100,000
David Scruggs	Supervisor District 4	Brierfield Insurance Company	\$100,000
Travares Comegys	Supervisor District 5	Travelers Casualty and Surety Company	\$100,000
Bart Gavin	Chancery Clerk	Brierfield Insurance Company	\$100,000
Rhonda Williamson	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
Shelia Godard	Assistant Inventory Control Clerk	Travelers Casualty and Surety Company	\$50,000
Mike Sumrall	Constable	Brierfield Insurance Company	\$50,000
David Livingston	Constable	Brierfield Insurance Company	\$50,000
Jack D. Gibson	Constable	Travelers Casualty and Surety Company	\$50,000
Concetta Brooks	Circuit Clerk	Brierfield Insurance Company	\$100,000
Joseph K. Berlin	Sheriff	Travelers Casualty and Surety Company	\$100,000
Billie Graham	Justice Court Judge	Brierfield Insurance Company	\$50,000
David Lyons	Justice Court Judge	Brierfield Insurance Company	\$50,000
C. Grant Hedgepeth	Justice Court Judge	Travelers Casualty and Surety 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 Nicole 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
Tina Byrd	Tax Assessor-Collector	Travelers Casualty and Surety 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
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
Joshua Satcher	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, 2020
UNAUDITED

Name	Position	Company	Bond
Julius Grant Matthews	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Lindsey Knight	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Hannah Kitchens	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Atta Lynn Middleton	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Justin Westbrook	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Judy Beard	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Tina Byrd	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
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
Jeana R. Sims	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
Jennifer Butler	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Kristi Sullivan	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000

JONES COUNTY

SPECIAL REPORTS

JONES COUNTY

(This page left blank intentionally.)



**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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon February 16, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities, business-type activities and the Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-001 and 2020-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2020-002 to be a significant deficiency.

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 February 16, 2022, included within this document.

Jones County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 16, 2022



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

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

Members of the Board of Supervisors
Jones County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Jones County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Jones County, Mississippi's major federal program for the year ended September 30, 2020. Jones County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Jones County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 16, 2022



**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, 2020. 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 seven years' audit reports, the Assistant Purchase Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal

year 2020. Also, the Assistant Purchase Clerks are not listed on their blanket bond by name and position.

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

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 seven years' audit reports, the Assistant Receiving Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2020. Also, the Assistant Receiving Clerks are not listed on their blanket bond by name and position.
Cause	County personnel did not comply with state statute.
Effect	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The County should implement additional procedures to ensure the Assistant Receiving Clerks are bonded as required by state statute.
Views of Responsible Official(s)	We are attempting to reduce the number of Assistant Receiving Clerks, then bond them individually.

Board of Supervisors and Assistant Inventory Clerk.

3. Assistant Inventory Clerk should be bonded as required by state statute.

Repeat Finding	No
Criteria	Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Inventory Clerk to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	The Assistant Inventory Clerk was not bonded.
Cause	County personnel did not comply with state statute.
Effect	Failure to comply could result in the loss or misappropriation of public funds.
Recommendation	The County should ensure the Assistant Inventory Clerk is bonded as required by state statute.

**Views of Responsible
Official(s)**

We will comply.

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, 2020.

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.

A handwritten signature in black ink, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 16, 2022

JONES COUNTY

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2020

Schedule 1

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

JONES COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
2/24/2020	Bridge repair	\$ 142,000.00	Ellis Dozier	Bridge repair
3/18/2020	Bridge repair	120,000	Ellis Dozier	Bridge repair
3/23/2020	Bridge repair	75,000	Ellis Dozier	Bridge repair
4/20/2020	Repair to vehicle glass	4,034	Jones County Glass	Tornado
4/21/2020	Repair to vehicle glass	2,432	Jones County Glass	Tornado
4/23/2020	Repair to vehicle glass	1,839	Jones County Glass	Tornado
4/23/2020	Repair to vehicle glass	1,368	Jones County Glass	Tornado
4/24/2020	Repair to vehicle glass	1,599	Jones County Glass	Tornado
4/27/2020	Rebuild Beat 2 barn	54,975	Cenla Steel Erectors	Tornado
4/27/2020	Repair to vehicle glass	7,912	Jones County Glass	Tornado
4/29/2020	Repair to vehicle glass	5,836	Jones County Glass	Tornado
4/29/2020	Repair to vehicle glass	3,850	Jones County Glass	Tornado
5/4/2020	Repair to vehicle glass	4,911	Jones County Glass	Tornado
5/5/2020	Repair to vehicle glass	2,991	Jones County Glass	Tornado
5/11/2020	Repair to vehicle glass	3,002	Jones County Glass	Tornado
5/15/2020	Repair to vehicle glass	1,761	Jones County Glass	Tornado
6/4/2020	Repair to vehicle glass	6,492	Jones County Glass	Tornado
6/9/2020	Repair to vehicle glass	6,108	Jones County Glass	Tornado
6/15/2020	Repair to vehicle glass	5,103	Jones County Glass	Tornado
6/15/2020	Repair to vehicle glass	5,018	Jones County Glass	Tornado
6/15/2020	Repair to vehicle glass	5,181	Jones County Glass	Tornado
6/15/2020	Repair to vehicle glass	8,745	Jones County Glass	Tornado
6/15/2020	Repair to vehicle glass	5,219	Jones County Glass	Tornado
6/16/2020	Repair to vehicle glass	6,966	Jones County Glass	Tornado
7/14/2020	Rebuild Beat 2 barn	54,975	Cenla Steel Erectors	Tornado
8/31/2020	PPE COVID-19 Supply	21,772	Quinn's Pharmacy	COVID-19

JONES COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
8/18/2020	Software update	\$ 27,500	Montgomery Technology
8/18/2020	Body cams	57,131	Watchguard
9/3/2020	Software	7,050	Watchguard
9/10/2020	Licenses / maintenance	13,232	Election Software
9/23/2020	Taser agreement and equipment	14,400	Axon



**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, 2020, 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 February 16, 2022, 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 four years' audit reports, we noted that the fee journal was not properly posted and the bank statement was not reconciled to the fee journal monthly.

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

Effect	Failure to properly maintain the fee journal and reconcile the bank statement could result in the loss of public funds.
Recommendation	The Chancery Clerk should implement controls to ensure the fee journal is properly maintained and reconciled monthly to the bank account.
Views of Responsible Official(s)	Bank statement was reconciled, but not posted to the fee journal. The bank reconciliation moving forward will be posted to the fee journal.
Auditor's Note	At December 2020, the Chancery Clerk's ending fee journal balance did not match the reconciled bank statement balance.
Sheriff.	
2.	<u>Sheriff failed to properly record federal grant revenues.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over federal grant transactions should include proper account coding when receipting and expending federal monies.
Condition	As reported in the prior year's audit report, we noted that federal grant revenues related to the Sheriff's department are being deposited into the Sheriff's separate bank account instead of the general county bank account. The Sheriff settles these funds monthly with the remainder of funds his office collects.
Cause	By including these revenues with other types of revenues in the Sheriff's monthly settlement, some of the federal revenues were posted to the general ledger incorrectly.
Effect	The failure of federal funds not being deposited into the general county bank account, prevents proper accounting of federal funds.
Recommendation	The Jones County Sheriff should take steps to ensure that all federal revenues received by his office are deposited into the general county bank account and accounted for correctly in the county's general ledger.
Views of Responsible Official(s)	This happened under the previous Sheriff administration and not ours.
Solid Waste Clerk.	
3.	<u>The Solid Waste Clerk should settle to the County each month in a timely manner</u>
Repeat Finding	No
Criteria	Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets and revenue.
Condition	We noted that several Solid Waste settlements were not settled to the county in a timely manner.
Cause	This weakness is due to inadequate internal controls surrounding the settlement of that revenue to the County.
Effect	The failure to develop adequate internal controls in the Solid Waste Office regarding the disbursing of funds could result in the misappropriation of public funds.

Recommendation The Solid Waste Clerk should implement internal controls to ensure that timely settlements are being made.

Views of Responsible Official(s) Collections are deposited into the bank daily and the total collections are recorded into the books monthly after the end of the month. This was usually done in the first week of the next month. There were a few that were longer than that and we will strive to record them as close to the end of the month as possible in the future.

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 16, 2022

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2020

Section 1: Summary of Auditor's Results

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
District One Road 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?	Yes

3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal program:

a. Material weakness identified?	No
b. Significant deficiency identified?	None Reported

5. Type of auditor's report issued on compliance for major federal program: Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal program:

CFDA #21.019, Coronavirus Relief Fund

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

9. Auditee qualified as low-risk auditee? No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? No

JONES COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2020-001. The County should comply with GASB Statement 75 and report on postemployment health care benefits.

Repeat Finding Yes

Criteria Jones County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the county's health insurance plan. Since retirees may obtain 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 the ten years' audit reports, the County does not issue a publicly available financial report for its health insurance plan. The County has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

Cause The County chooses not to calculate its OPEB liability.

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

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

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

Significant Deficiency

2020-002. The County did not adequately reconcile the general ledger book balance at the end of the fiscal year.

Repeat Finding Yes

Criteria The general depository bank account and the payroll bank account were not adequately reconciled to the general ledger book balance at the end of the fiscal year.

Condition As reported in the prior year's audit report, test results indicated the September 30, 2020 general depository bank account and payroll bank account reconciliations notated many reconciling adjustments that were not posted to the general ledger book balance until after the end of the fiscal year.

JONES COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Cause	The County failed to adequately reconcile the general ledger book balance at the end of the fiscal year.
Effect	Failure to timely post reconciling adjustments to the general ledger could result in erroneous amounts being reported and increases the possibility of the loss or misuse of public funds.
Recommendation	The Board of Supervisors should ensure that all bank accounts are reconciled accurately on a monthly basis and that all reconciling adjustments are posted to the general ledger in a timely matter.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Material Weakness

2020-003.	<u>Revenues and general journal entries should be recorded correctly in the general ledger.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control includes properly recording revenues and general journal entries in the general ledger.
Condition	As reported in the prior year's audit report, several cash basis adjusting entries were proposed to management and made to correct improper revenue recognition and general journal entries in some of the county funds.
Cause	The County failed to correctly recognize revenues and general journal entries which caused misclassification errors in the County's cash basis general ledger.
Effect	Failure to properly record revenues and general journal entries could result in misstated cash basis financial statements.
Recommendation	The Board of Supervisors should ensure that all revenues are properly classified and all general journal entries are properly recorded in the general ledger.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

JONES COUNTY

(This page left blank intentionally.)

JONES COUNTY

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

JONES COUNTY

(This page left blank intentionally.)



MISSISSWPI

JONES COUNTY BOARD OF SUPERVISORS

P. O. BOX 1468

LAUREL, MS 39441

Telephone: (601) 428-3139

CORRECTIVE ACTION PLAN

Fax: (601) 399-4727

January 11, 2022

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

Gentlemen.

Jones County respectfully submits the following Corrective Action Plan for the year ended September 30, 2020.

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

SECTION 2: FINANCIAL STATEMENT FINDINGS

- 2020-001. Corrective Action Planned: We will try to ascertain this information but it is very difficult to determine.
Anticipated Completion Date: Unknown
Name of Contact Person Responsible for Corrective Action: Charles Miller
- 2020-002. Corrective Action Planned: We will comply,
Anticipated Completion Date: Unknown
Name of Contact Person Responsible for Corrective Action: Charles Miller
- 2020-003. Corrective Action Planned: We will try to comply as best we can but the problem is that most State revenues come to us via Paymode now and it's not descriptive enough sometimes for us to properly identify.
Anticipated Completion Date: Unknown

JOHNNY BURNEIT T. LARRY DYKES PHIL DICKERSON DAVID SCRUGGS TRAVARES K. COMEGYS BART GAVIN
DISTRICT 1 DISTRICT 2 DISTRICT 3 DISTRICT 4 DISTRICT 5 CLERK

Name of Contact Person Responsible for Corrective Action: Charles Miller

SECTION 3:FEDERAL AWARD FINDINGS

There are no findings or questioned costs related to federal awards.

Sincerely,



Charles Miller, Chief Financial Officer
Jones County Board of Supervisors



MISSISSIPPI

JONES COUNTY BOARD OF SUPERVISORS

P. O. BOX 1468
LAUREL, MS 39441

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

June 7, 2021

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

Gentlemen:

Jones County respectfully submits the following summary schedule of prior year audit findings relative to the financial statements.

2019-001. The County should comply with GASB Statement 75 and report on postemployment health care benefits.

Condition: As reported in the prior the nine 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.

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

Current Status: We did not report OPEB in FY2020. Finding has been repeated.

2019-002. The County did not maintain adequate control over capital assets.

Condition: We noted the following deficiencies in the policies and procedures of the internal control structure for capital assets.

- a. The beginning amounts for some asset classes and their related accumulated depreciation did not agree to the prior year ending balances. Also, it was noted that some fully depreciated assets that were transferred between departments were being depreciated again in a new department.

JOHNNY BURNETT
DISTRICT 1

T. LARRY DYKES
DISTRICT 2

PHIL DICKERSON
DISTRICT 3

DAVID SCRUGGS
DISTRICT 4

TRAVARES K. COMEGY'S
DISTRICT 5

BART GAVIN
CLERK

- b. A prior period adjustment was made to the county's financial statements to record infrastructure assets that should have been recorded in the prior fiscal year.

Recommendation: The Inventory Clerk should implement procedures to maintain accurate inventory records documenting the existence, completeness, and valuation of capital assets.

Current Status: Capital assets were reported with no discrepancies noted in FY2020. No prior period adjustments were necessary.

2019-003. The County did not complete the federal grant activity schedule for the fiscal year ended September 30th, 2019.

Condition: As a result, the auditors assisted the County in completing the Schedule of Expenditures of Federal Awards.

Recommendation: The County should properly complete the federal grant activity schedule.

Current Status: We completed the federal grant activity schedule for the fiscal year ended September 30th, 2020.

2019-004. The County did not adequately reconcile the general ledger book balance at the end of the fiscal year.

Condition: The test results indicated the September 30, 2019 general depository bank account and payroll bank account reconciliations notated many reconciling adjustments that were not posted to the general ledger book balance until after the end of the fiscal year.

Recommendation: The Board of Supervisors should ensure that all bank accounts are reconciled accurately on a monthly basis and that all reconciling adjustments are posted to the general ledger in a timely matter.

Current Status: Reconciling adjustments were noted in the September 30, 2020 general depository bank account and payroll bank account reconciliations. Finding has been repeated.

2019-005. Revenues and general journal entries should be recorded correctly in the general ledger.

Condition: Several cash basis adjusting entries were proposed to management and made to correct improper revenue recognition and general journal entries in some of the county funds.

Recommendation:

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

Current Status:

Cash basis adjusting entries to correct improper revenue recognition were proposed in FY2020. Findings has been repeated.

Sincerely,



Charles Miller
Chief Financial Officer