

JONES COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021

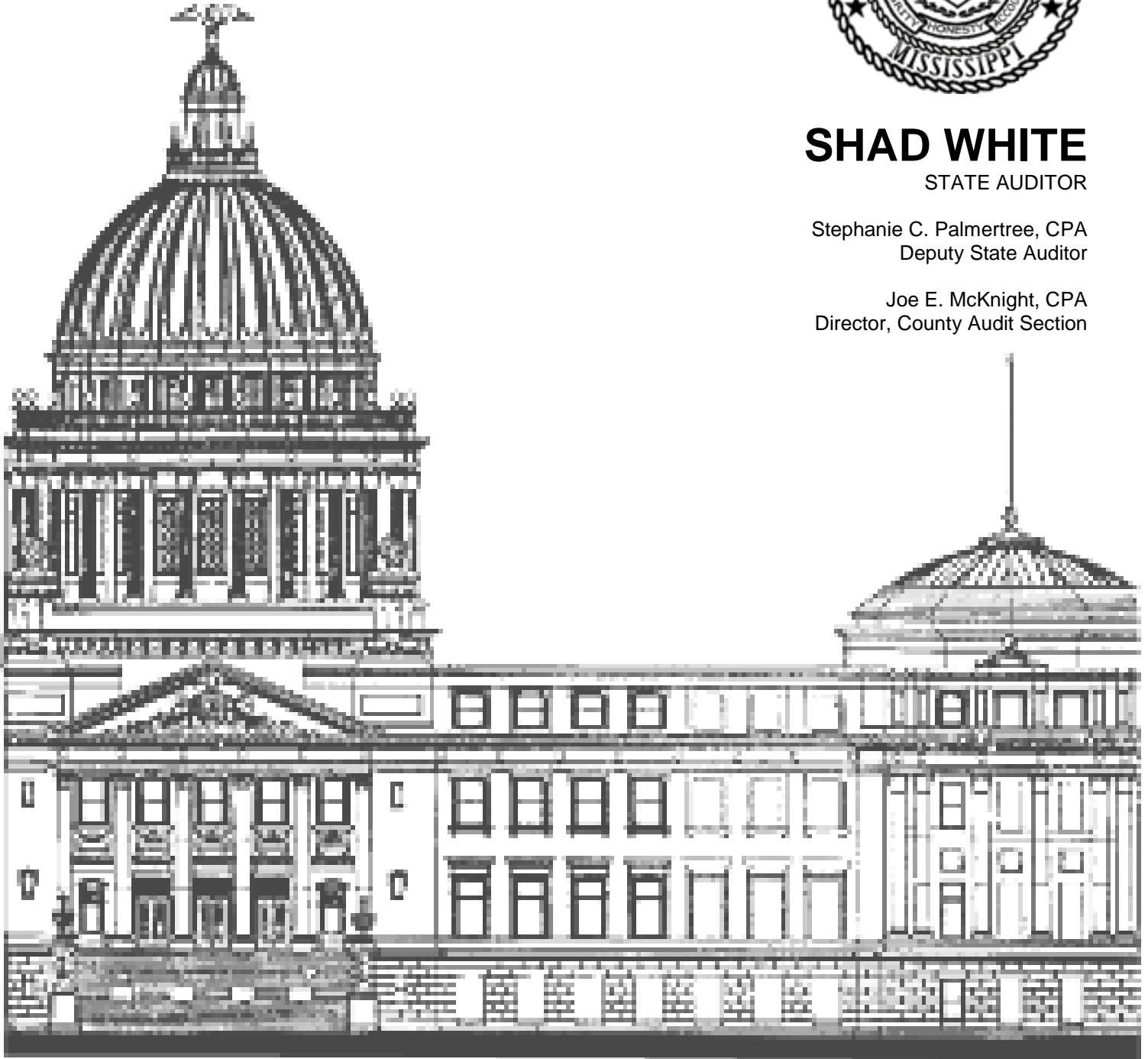


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

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

December 21, 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
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JONES COUNTY

FINANCIAL SECTION

JONES COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jones County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jones County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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, 2021, 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 12 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, the business-type activities or the Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, 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 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, 2021, 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, 2021 ARPA Fund, Countywide Bond and Interest Sinking Fund and the aggregate remaining fund information of Jones County, Mississippi, as of September 30, 2021, 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 Management's Discussion and Analysis and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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

December 12, 2022

JONES COUNTY

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JONES COUNTY

FINANCIAL STATEMENTS

JONES COUNTY

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JONES COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

| | Primary Government | | |
|--|--------------------|---------------|--------------|
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| ASSETS | | | |
| Cash | \$ 22,176,644 | 542,124 | 22,718,768 |
| Property tax receivable | 28,672,255 | | 28,672,255 |
| Accounts receivable (net of allowance for uncollectibles of \$1,637,806) | | 279,259 | 279,259 |
| Fines receivable (net of allowance for uncollectibles of \$3,609,367) | 1,511,771 | | 1,511,771 |
| Capital leases receivable | 3,800,000 | | 3,800,000 |
| Intergovernmental receivables | 637,563 | | 637,563 |
| Other receivables | 2,128 | | 2,128 |
| Internal balances | 59,654 | (59,654) | 0 |
| Prepaid items | 36,082 | | 36,082 |
| Capital assets: | | | |
| Land and construction in progress | 2,271,291 | 30,000 | 2,301,291 |
| Other capital assets, net | 90,426,625 | 784,612 | 91,211,237 |
| Total Assets | 149,594,013 | 1,576,341 | 151,170,354 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 5,678,394 | 382,348 | 6,060,742 |
| Deferred amount on refunding | 449,923 | | 449,923 |
| Total Deferred Outflows of Resources | 6,128,317 | 382,348 | 6,510,665 |
| LIABILITIES | | | |
| Claims payable | 988,351 | 34,878 | 1,023,229 |
| Intergovernmental payables | 954,764 | | 954,764 |
| Accrued interest payable | 425,852 | 10,702 | 436,554 |
| Unearned revenue | 6,613,619 | 240,416 | 6,854,035 |
| Amounts held in custody for others | 752,230 | | 752,230 |
| Long-term liabilities | | | |
| Due within one year: | | | |
| Capital debt | 6,525,078 | 456,095 | 6,981,173 |
| Non-capital debt | 1,404,791 | | 1,404,791 |
| Due in more than one year: | | | |
| Capital debt | 41,083,584 | 343,706 | 41,427,290 |
| Non-capital debt | 5,669,421 | 73,160 | 5,742,581 |
| Net pension liability | 31,411,591 | 1,914,452 | 33,326,043 |
| Total Liabilities | 95,829,281 | 3,073,409 | 98,902,690 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 9,939,461 | 668,167 | 10,607,628 |
| Deferred amount on refunding | 43,664 | | 43,664 |
| Deferred revenues - property taxes | 28,672,255 | | 28,672,255 |
| Total Deferred Inflows of Resources | 38,655,380 | 668,167 | 39,323,547 |
| NET POSITION | | | |
| Net investment in capital assets | 45,495,513 | 14,811 | 45,510,324 |
| Restricted for: | | | |
| Expendable: | | | |
| General government | 236,462 | | 236,462 |
| Public safety | 984,612 | | 984,612 |
| Public works | 5,217,569 | | 5,217,569 |
| Culture and recreation | 32,710 | | 32,710 |
| Unemployment compensation | 113,546 | | 113,546 |
| Debt service | 198,561 | | 198,561 |
| Unrestricted | (31,041,304) | (1,797,698) | (32,839,002) |
| Total Net Position | \$ 21,237,669 | (1,782,887) | 19,454,782 |

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

JONES COUNTY
Statement of Activities
For the Year Ended September 30, 2021

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 | \$ 11,261,960 | 2,376,557 | 444,418 | | (8,440,985) | | (8,440,985) |
| Public safety | 9,856,528 | 1,570,400 | 1,195,988 | | (7,090,140) | | (7,090,140) |
| Public works | 12,208,536 | | 6,430,218 | 1,254,389 | (4,523,929) | | (4,523,929) |
| Health and welfare | 1,394,326 | | 302,851 | | (1,091,475) | | (1,091,475) |
| Culture and recreation | 1,575,247 | | 360,000 | | (1,215,247) | | (1,215,247) |
| Education | 649,466 | | 622,127 | | (27,339) | | (27,339) |
| Conservation of natural resources | 94,932 | | | | (94,932) | | (94,932) |
| Economic development and assistance | 304,984 | | | | (304,984) | | (304,984) |
| Interest on long-term debt | 1,132,734 | | | | (1,132,734) | | (1,132,734) |
| Fiscal agents' fees | 22,387 | | | | (22,387) | | (22,387) |
| Bond Issue Costs | 662,203 | | | | (662,203) | | (662,203) |
| Pension expense | 1,784,527 | | | | (1,784,527) | | (1,784,527) |
| Total Governmental Activities | <u>40,947,830</u> | <u>3,946,957</u> | <u>9,355,602</u> | <u>1,254,389</u> | <u>(26,390,882)</u> | | <u>(26,390,882)</u> |
| Business-type activities: | | | | | | | |
| Solid Waste | <u>2,584,542</u> | <u>2,439,074</u> | | | | <u>(145,468)</u> | <u>(145,468)</u> |
| Total Business-type Activities | <u>2,584,542</u> | <u>2,439,074</u> | <u>0</u> | <u>0</u> | | <u>(145,468)</u> | <u>(145,468)</u> |
| Total Primary Government | <u>\$ 43,532,372</u> | <u>6,386,031</u> | <u>9,355,602</u> | <u>1,254,389</u> | <u>(26,390,882)</u> | <u>(145,468)</u> | <u>(26,536,350)</u> |

JONES COUNTY
Statement of Activities
For the Year Ended September 30, 2021

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 | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 28,724,068 | | 28,724,068 |
| Road & bridge privilege taxes | | | | | 864,135 | | 864,135 |
| Grants and contributions not restricted to specific programs | | | | | 2,611,334 | | 2,611,334 |
| Rental income | | | | | 1,001,428 | | 1,001,428 |
| Unrestricted interest income | | | | | 347,238 | | 347,238 |
| Miscellaneous | | | | | 1,326,770 | 4,240 | 1,331,010 |
| Total General Revenues | | | | | 34,874,973 | 4,240 | 34,879,213 |
| Changes in Net Position | | | | | 8,484,091 | (141,228) | 8,342,863 |
| Net Position - Beginning, as previously reported | | | | | 10,756,517 | (1,786,390) | 8,970,127 |
| Fund reclassification | | | | | 291,624 | | 291,624 |
| Prior period adjustments | | | | | 1,705,437 | 144,731 | 1,850,168 |
| Net Position - Beginning, as restated | | | | | 12,753,578 | (1,641,659) | 11,111,919 |
| Net Position - Ending | | | | | \$ 21,237,669 | (1,782,887) | 19,454,782 |

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

JONES COUNTY
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3

| | Major Funds | | | | |
|--|----------------------|----------------------|--|--------------------------------|--------------------------------|
| | General Fund | 2021 ARPA Fund | Countywide Bond & Interest Sinking Fund | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | | |
| Cash | \$ 7,890,461 | 6,617,416 | 562,759 | 7,106,008 | 22,176,644 |
| Property tax receivable | 17,150,394 | | 4,462,244 | 7,059,617 | 28,672,255 |
| Fines receivable (net of allowance for uncollectibles of \$3,609,367) | 1,511,771 | | | | 1,511,771 |
| Capital lease receivable | | | | 3,800,000 | 3,800,000 |
| Intergovernmental receivables | 540,982 | | | 96,581 | 637,563 |
| Other receivables | 2,128 | | | | 2,128 |
| Due from other funds | 57,596 | | 61,654 | 174,276 | 293,526 |
| Advances to other funds | 327,989 | | | 606,859 | 934,848 |
| Total Assets | <u>\$ 27,481,321</u> | <u>6,617,416</u> | <u>5,086,657</u> | <u>18,843,341</u> | <u>58,028,735</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Claims payable | \$ 422,635 | | | 565,716 | 988,351 |
| Intergovernmental payables | 948,381 | | | | 948,381 |
| Due to other funds | 242,313 | | | 25,931 | 268,244 |
| Advances from other funds | | | | 906,859 | 906,859 |
| Unearned revenue | | 6,613,619 | | | 6,613,619 |
| Amounts held in custody for others | 752,230 | | | | 752,230 |
| Total Liabilities | <u>2,365,559</u> | <u>6,613,619</u> | <u>0</u> | <u>1,498,506</u> | <u>10,477,684</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| Unavailable revenue - property taxes | 17,150,394 | | 4,462,244 | 7,059,617 | 28,672,255 |
| Unavailable revenue - capital lease receivable | | | | 3,800,000 | 3,800,000 |
| Unavailable revenue - fines | 1,511,771 | | | | 1,511,771 |
| Total Deferred Inflows of Resources | <u>18,662,165</u> | <u>0</u> | <u>4,462,244</u> | <u>10,859,617</u> | <u>33,984,026</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Advances | 327,989 | | | | 327,989 |
| Restricted for: | | | | | |
| General government | | | | 236,462 | 236,462 |
| Public safety | | | | 984,612 | 984,612 |
| Public works | | 3,797 | | 5,213,772 | 5,217,569 |
| Culture and recreation | | | | 32,710 | 32,710 |
| Unemployment compensation | | | | 113,546 | 113,546 |
| Debt service | | | 624,413 | | 624,413 |
| Committed to: | | | | | |
| General government | | | | 230,890 | 230,890 |
| Unassigned | 6,125,608 | | | (326,774) | 5,798,834 |
| Total Fund Balances | <u>6,453,597</u> | <u>3,797</u> | <u>624,413</u> | <u>6,485,218</u> | <u>13,567,025</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 27,481,321</u> | <u>6,617,416</u> | <u>5,086,657</u> | <u>18,843,341</u> | <u>58,028,735</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, 2021

| | <u>Amount</u> |
|---|----------------------|
| Total Fund Balance - Governmental Funds | \$ 13,567,025 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$141,487,944. | 92,697,916 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | 1,511,771 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (54,682,874) |
| Net pension obligations are not due and payable in the current period and therefore are not reported in the funds. | (31,411,591) |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | (425,852) |
| Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and therefore are not reported in the funds. | 36,082 |
| Capital leases are not available to pay for current period expenditures and therefore are deferred in the funds. | 3,800,000 |
| 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 | 5,678,394 |
| Deferred inflows of resources related to pensions | (9,939,461) |
| Deferred outflows and inflows of resources related to bond refundings are applicable to future periods and therefore are not reported in the funds: | |
| Deferred outflows of resources related to refundings | 449,923 |
| Deferred inflows of resources related to refundings | <u>(43,664)</u> |
| Total Net Position - Governmental Activities | \$ <u>21,237,669</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, 2021

| | Major Funds | | | | |
|---|---------------|----------------|---|--------------------------|--------------------------|
| | General Fund | 2021 ARPA Fund | Countywide Bond & Interest Sinking Fund | Other Governmental Funds | Total Governmental Funds |
| REVENUES | | | | | |
| Property taxes | \$ 17,889,007 | | 4,378,639 | 6,456,422 | 28,724,068 |
| Road and bridge privilege taxes | | | | 864,135 | 864,135 |
| Licenses, commissions and other revenue | 957,223 | | | 36,831 | 994,054 |
| Fines and forfeitures | 546,969 | | | 60,735 | 607,704 |
| Intergovernmental revenues | 3,150,961 | | | 10,070,364 | 13,221,325 |
| Charges for services | 587,517 | | | 982,296 | 1,569,813 |
| Interest income | 228,357 | 34,518 | 1,138 | 83,225 | 347,238 |
| Rental income | 183,680 | | 817,748 | | 1,001,428 |
| Miscellaneous revenues | 868,852 | | | 315,429 | 1,184,281 |
| Total Revenues | 24,412,566 | 34,518 | 5,197,525 | 18,869,437 | 48,514,046 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 10,696,305 | | | 1,461,486 | 12,157,791 |
| Public safety | 8,008,551 | | | 2,310,403 | 10,318,954 |
| Public works | 256,200 | | | 12,894,180 | 13,150,380 |
| Health and welfare | 1,167,149 | | | | 1,167,149 |
| Culture and recreation | 551,780 | | | 940,562 | 1,492,342 |
| Education | 649,466 | | | | 649,466 |
| Conservation of natural resources | 100,249 | | | | 100,249 |
| Economic development and assistance | 304,984 | | | | 304,984 |
| Debt service: | | | | | |
| Principal | 152,941 | | 30,858,129 | 2,689,012 | 33,700,082 |
| Interest | 17,423 | | 1,103,782 | 244,816 | 1,366,021 |
| Bond issue costs | | | 662,203 | | 662,203 |
| Fiscal agents' fees | | | 22,387 | | 22,387 |
| Total Expenditures | 21,905,048 | 0 | 32,646,501 | 20,540,459 | 75,092,008 |
| Excess of Revenues over (under) Expenditures | 2,507,518 | 34,518 | (27,448,976) | (1,671,022) | (26,577,962) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-term capital debt issued | | | | 533,184 | 533,184 |
| Refunding bonds issued | | | 27,336,000 | | 27,336,000 |
| Proceeds from sale of capital assets | | | | 292,778 | 292,778 |
| Premiums on bonds issued | | | 354,301 | | 354,301 |
| Compensation for loss of capital assets | 43,925 | | | | 43,925 |
| Transfers in | 118,544 | | 15 | 2,894,789 | 3,013,348 |
| Transfers out | (2,313,996) | (30,721) | | (668,631) | (3,013,348) |
| Lease principal payments | | | | 1,000,000 | 1,000,000 |
| Payment to bond refunding escrow agent | | | (20,070) | | (20,070) |
| Total Other Financing Sources and Uses | (2,151,527) | (30,721) | 27,670,246 | 4,052,120 | 29,540,118 |
| Net Changes in Fund Balances | 355,991 | 3,797 | 221,270 | 2,381,098 | 2,962,156 |
| Fund Balances - Beginning, as previously reported | 5,805,982 | 0 | 403,143 | 4,104,120 | 10,313,245 |
| Fund reclassification | 291,624 | | | | 291,624 |
| Fund Balances - Beginning, as restated | 6,097,606 | 0 | 403,143 | 4,104,120 | 10,604,869 |
| Fund Balances - Ending | \$ 6,453,597 | 3,797 | 624,413 | 6,485,218 | 13,567,025 |

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, 2021

| | <u>Amount</u> |
|--|---------------|
| Net Changes in Fund Balances - Governmental Funds | \$ 2,962,156 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$3,268,450 exceeded capital outlays of \$3,101,518 in the current period. | (166,932) |
| 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 that the proceeds from the sale of \$292,778 and the compensation for loss of capital assets of \$43,925 exceeded the net gain of \$142,489 in the current period. | (194,214) |
| 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. | 775,386 |
| 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 \$33,700,082 exceeded debt proceeds of \$533,184. | 33,166,898 |
| 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 | (279,831) |
| The amount of decrease in accrued interest payable | 229,729 |
| The issuance of refunding bonds | (27,336,000) |
| The issuance of refunding bond premium | (354,301) |
| The amortization of bond premiums | 59,343 |
| The amortization of bond discounts | (1,689) |
| The amortization of deferred refunding charges | (54,096) |

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, 2021

| | <u>Amount</u> |
|---|----------------------------|
| Under the modified accrual basis of accounting used in the Governmental Funds, prepaid items are reported as expenditures. However, in the Statement of Activities, only the portion of expenses related to the current period are reported. Thus, the change in net position differs from the change in fund balances by the amount of the current-year increase in prepaid items. | 20,070 |
| 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 | (1,784,527) |
| Recording of contributions made during the year | <u>2,442,099</u> |
| Change in Net Position of Governmental Activities | \$ <u><u>(322,358)</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, 2021

Exhibit 5

Business-type
Activities -
Enterprise Fund

Solid Waste Fund

ASSETS

Current assets:

| | | |
|---|----|----------------|
| Cash | \$ | 542,124 |
| Accounts receivable (net of allowance for uncollectibles of \$1,637,806) | | <u>279,259</u> |
| Total Current Assets | | <u>821,383</u> |

Noncurrent assets:

Capital assets:

| | | |
|-----------------------------------|--|------------------|
| Land and construction in progress | | 30,000 |
| Other capital assets, net | | <u>784,612</u> |
| Total Noncurrent Assets | | <u>814,612</u> |
| Total Assets | | <u>1,635,995</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|---------------------------------------|--|----------------|
| Deferred outflows related to pensions | | <u>382,348</u> |
| Total Deferred Outflows of Resources | | <u>382,348</u> |

LIABILITIES

Current liabilities:

| | | |
|---------------------------|--|----------------|
| Claims payable | | 34,878 |
| Due to other funds | | 31,665 |
| Advances from other funds | | 27,989 |
| Accrued interest payable | | 10,702 |
| Unearned revenue | | 240,416 |
| Capital debt: | | |
| Capital leases payable | | <u>456,095</u> |
| Total Current Liabilities | | <u>801,745</u> |

Noncurrent liabilities:

Capital debt:

| | | |
|------------------------|--|---------|
| Capital leases payable | | 343,706 |
|------------------------|--|---------|

Non-capital debt:

| | | |
|------------------------------|--|------------------|
| Compensated absences payable | | 73,160 |
| Net pension liability | | <u>1,914,452</u> |
| Total Noncurrent Liabilities | | <u>2,331,318</u> |
| Total Liabilities | | <u>3,133,063</u> |

DEFERRED INFLOWS OF RESOURCES

| | | |
|--------------------------------------|--|----------------|
| Deferred inflows related to pensions | | <u>668,167</u> |
| Total Deferred Inflows of Resources | | <u>668,167</u> |

NET POSITION

| | | |
|----------------------------------|----|--------------------|
| Net investment in capital assets | | 14,811 |
| Unrestricted | | <u>(1,797,698)</u> |
| Total Net Position | \$ | <u>(1,782,887)</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, 2021

| | Business-type Activities - Enterprise Fund |
|--|--|
| | <u>Solid Waste Fund</u> |
| Operating Revenues | |
| Charges for services | \$ 2,439,074 |
| Miscellaneous | 4,240 |
| Total Operating Revenues | <u>2,443,314</u> |
| Operating Expenses | |
| Personal services | 1,351,936 |
| Contractual services | 636,737 |
| Materials and supplies | 199,151 |
| Depreciation expense | 219,358 |
| Indirect administrative cost | 31,665 |
| Pension expense | 124,938 |
| Total Operating Expenses | <u>2,563,785</u> |
| Operating Loss | <u>(120,471)</u> |
| Nonoperating Expenses | |
| Interest expense | <u>(20,757)</u> |
| Net Nonoperating Expenses | <u>(20,757)</u> |
| Change in Net Position | <u>(141,228)</u> |
| Net Position - Beginning, as previously reported | (1,786,390) |
| Prior period adjustment | 144,731 |
| Net Position - Beginning, as restated | <u>(1,641,659)</u> |
| Net Position - Ending | \$ <u><u>(1,782,887)</u></u> |

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

JONES COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2021

Exhibit 7

Business-type
Activities -
Enterprise Fund

| | <u>Solid Waste Fund</u> |
|---|-------------------------|
| Cash Flows From Operating Activities | |
| Receipts from customers | \$ 2,586,612 |
| Payments to suppliers | (848,784) |
| Payments to employees | (1,506,013) |
| Other operating cash receipts | 4,240 |
| Net Cash Provided by Operating Activities | <u>236,055</u> |
| Cash Flows From Noncapital Financing Activities | |
| Cash paid to other funds: | |
| Interfund loan repayments | (36,348) |
| Net Cash Used by Noncapital Financing Activities | <u>(36,348)</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Proceeds of long-term debt | 189,500 |
| Acquisition of capital assets | (226,300) |
| Principal paid on long-term debt | (290,469) |
| Interest paid on debt | (23,798) |
| Net Cash Used by Capital and Related Financing Activities | <u>(351,067)</u> |
| Net Decrease in Cash and Cash Equivalents | (151,360) |
| Cash and Cash Equivalents at Beginning of Year | <u>693,484</u> |
| Cash and Cash Equivalents at End of Year | \$ <u>542,124</u> |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities: | |
| Operating loss | \$ <u>(120,471)</u> |
| Adjustments to reconcile operating income to net cash used by operating activities: | |
| Depreciation expense | 219,358 |
| Provision for uncollectible accounts | (10,337) |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | 23 |
| (Increase) decrease in other receivables | 137,432 |
| Increase (decrease) in claims payable | (12,896) |
| Increase (decrease) in compensated absences liability | 16,901 |
| Increase (decrease) in unearned revenue | 20,420 |
| Increase (decrease) in interfund payables | 31,665 |
| Increase (decrease) in pension liability, deferred outflows/inflows (net) | (46,040) |
| Total Adjustments | <u>356,526</u> |
| Net Cash Provided by Operating Activities | \$ <u>236,055</u> |

Noncash Capital Financing Activity:

Jones County lease purchased mobile equipment in the amount of \$189,500 for 3 years at 1.65% interest.

Principal payments of \$290,469 were made on leases during the year.

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

JONES COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 8

| | <u>Custodial Funds</u> |
|--|----------------------------|
| ASSETS | |
| Cash | \$ 138,707 |
| Receivables: | |
| Due from other funds | <u>6,383</u> |
| Total Assets | <u><u>145,090</u></u> |
| LIABILITIES | |
| Intergovernmental payables | \$ <u>6,383</u> |
| Total Liabilities | <u><u>6,383</u></u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations and other governments | <u>138,707</u> |
| Total Net Position | \$ <u><u>138,707</u></u> |

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

JONES COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 9

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ADDITIONS | |
| Tax collections for other governments | \$ 470,828 |
| Other taxes and fees collected for other governments | 518,829 |
| Licenses and fees collected for State | <u>791,407</u> |
| Total Additions | <u>1,781,064</u> |
| DEDUCTIONS | |
| Payments of tax to other governments | 474,086 |
| Payments of other taxes and fees to other governments | 518,829 |
| Payments of licenses and fees to State | <u>765,811</u> |
| Total Deductions | <u>1,758,726</u> |
| Net increase (decrease) in fiduciary net position | 22,338 |
| Net Position - Beginning | <u>116,369</u> |
| Net Position - Ending | <u>\$ 138,707</u> |

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

JONES COUNTY

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JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(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 inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds 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.

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.

2021 ARPA Fund - This fund is used to account for monies from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

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, 2021

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

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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, and 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, 2021

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, 2021

| | 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 refundings and advance refundings 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 13 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 amount on refunding - For current refundings and advance refundings 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 revenues – 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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 13 for additional details.

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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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 by an external party or imposed by law through either 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.

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, 2021

N. Property Tax Revenues:

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

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

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. 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.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, previously reported as a Fiduciary Fund, was reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$291,624.

For the fiduciary fund custodial activities, the County treated the beginning of year net position of \$116,369 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$116,369.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(3) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

| Explanation | Amount |
|---|---------------------|
| To correct prior year errors in capital assets, net. | \$ 1,760,438 |
| To correct prior year errors in long-term debt. | (137,068) |
| To correct prior year errors in deferred amounts related to debt. | 82,067 |
| Total prior period adjustments | \$ <u>1,705,437</u> |

Exhibit 2 – Statement of Activities – Business-type Activities.

| Explanation | Amount |
|--|-------------------|
| To correct prior year errors in capital assets, net. | \$ <u>144,731</u> |

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

| Explanation | Amount |
|--|-------------------|
| To correct prior year errors in capital assets, net. | \$ <u>144,731</u> |

(4) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$22,857,475, and the bank balance was \$23,583,858. 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, Mississippi Code of 1972 Annotated*. 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.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 25,931 |
| General Fund | Solid Waste Fund | 31,665 |
| Countywide Bond & Interest Sinking Fund | General Fund | 61,654 |
| Other Governmental Funds | General Fund | 174,276 |
| Custodial Funds | General Fund | 6,383 |
| Total | | <u>\$ 299,909</u> |

The receivables represent the tax revenue collected in September 2021, but not settled until October 2021 and indirect costs 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 | Solid Waste Fund | \$ 27,989 |
| General Fund | Other Governmental Funds | 300,000 |
| Other Governmental Funds | Other Governmental Funds | 606,859 |
| Total | | <u>\$ 934,848</u> |

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

C. Transfers In/Out:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---|--------------------------|---------------------|
| General Fund | Other Governmental Funds | \$ 118,544 |
| Countywide Bond & Interest Sinking Fund | Other Governmental Funds | 15 |
| Other Governmental Funds | General Fund | 2,313,996 |
| Other Governmental Funds | 2021 ARPA Fund | 30,721 |
| Other Governmental Funds | Other Governmental Funds | 550,072 |
| Total | | <u>\$ 3,013,348</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.

JONES COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

| <u>Description</u> | <u>Amount</u> |
|---|-------------------|
| Governmental Activities: | |
| Legislative tax credit | \$ 409,540 |
| Occupant protection grant reimbursement | 27,770 |
| DUI grant reimbursement | 37,180 |
| Victims of crime assistance grant reimbursement | 11,683 |
| Violence against women formula grant reimbursement | 4,117 |
| Welfare reimbursment | 24,192 |
| Disaster grants reimbursement | 50,636 |
| Drug court grant reimbursement | 10,845 |
| Emergency management performance grants reimbursement | 35,100 |
| Reimbursements for housing prisoners | <u>26,500</u> |
| Total Governmental Activities | \$ <u>637,563</u> |

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental activities:

| | <u>Balance Oct. 1, 2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments*</u> | <u>Balance Sept. 30, 2021</u> |
|--|---------------------------------|------------------|------------------|---------------------|-----------------------------------|
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 1,015,713 | | | | 1,015,713 |
| Construction in progress | <u>95,435</u> | <u>1,484,486</u> | | <u>(324,343)</u> | <u>1,255,578</u> |
| Total non-depreciable capital assets | <u>1,111,148</u> | <u>1,484,486</u> | <u>0</u> | <u>(324,343)</u> | <u>2,271,291</u> |
| <u>Depreciable capital assets:</u> | | | | | |
| Infrastructure | 161,286,758 | | | 1,921,850 | 163,208,608 |
| Buildings | 31,648,831 | | | 41,503 | 31,690,334 |
| Improvements other than buildings | 45,257 | | | | 45,257 |
| Mobile equipment | 23,185,014 | 744,143 | 1,112,512 | 1,248,462 | 24,065,107 |
| Furniture and equipment | 3,997,135 | 339,705 | 139,402 | 10,794 | 4,208,232 |
| Leased property under capital leases | <u>9,490,100</u> | <u>533,184</u> | <u>291,828</u> | <u>(1,034,425)</u> | <u>8,697,031</u> |
| Total depreciable capital assets | <u>229,653,095</u> | <u>1,617,032</u> | <u>1,543,742</u> | <u>2,188,184</u> | <u>231,914,569</u> |

JONES COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

| | Balance Oct. 1, 2020 | Additions | Deletions | Adjustments* | Balance Sept. 30, 2021 |
|--|-------------------------|-----------------|---------------|---------------|---------------------------|
| <u>Less accumulated depreciation for:</u> | | | | | |
| Infrastructure | 103,851,206 | 861,977 | | (107,750) | 104,605,433 |
| Buildings | 10,373,796 | 591,186 | | 1,529 | 10,966,511 |
| Improvements other than buildings | 14,481 | 1,810 | | 1,812 | 18,103 |
| Mobile equipment | 17,703,425 | 991,736 | 993,521 | 893,722 | 18,595,362 |
| Furniture and equipment | 3,461,639 | 105,126 | 123,343 | 36,285 | 3,479,707 |
| Leased property under capital leases | 4,061,072 | 716,615 | 232,664 | (722,195) | 3,822,828 |
| Total accumulated depreciation | 139,465,619 | 3,268,450 | 1,349,528 | 103,403 | 141,487,944 |
| Total depreciable capital assets, net | 90,187,476 | (1,651,418) | 194,214 | 2,084,781 | 90,426,625 |
| Governmental activities capital assets, net | \$ 91,298,624 | (166,932) | 194,214 | 1,760,438 | 92,697,916 |

Business-type activities:

| | Balance Oct. 1, 2020 | Additions | Deletions | Adjustments* | Balance Sept. 30, 2021 |
|---|-------------------------|-------------|-----------|---------------|---------------------------|
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 30,000 | | | | 30,000 |
| Total non-depreciable capital assets | 30,000 | 0 | 0 | 0 | 30,000 |
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings | 60,380 | | | | 60,380 |
| Mobile equipment | 440,410 | 36,800 | | | 477,210 |
| Furniture and equipment | 8,749 | | | | 8,749 |
| Leased property under capital leases | 985,645 | 189,500 | | | 1,175,145 |
| Total depreciable capital assets | 1,495,184 | 226,300 | 0 | 0 | 1,721,484 |
| <u>Less accumulated depreciation for:</u> | | | | | |
| Buildings | 8,456 | 1,208 | | | 9,664 |
| Mobile equipment | 396,370 | 6,624 | | | 402,994 |
| Furniture and equipment | 7,874 | | | | 7,874 |
| Leased property under capital leases | 449,545 | 211,526 | | (144,731) | 516,340 |
| Total accumulated depreciation | 862,245 | 219,358 | 0 | (144,731) | 936,872 |
| Total depreciable capital assets, net | 632,939 | 6,942 | 0 | 144,731 | 784,612 |
| Business-type activities capital assets, net | \$ 662,939 | 6,942 | 0 | 144,731 | 814,612 |

*Adjustments are to correct prior year errors in capital asset records and for the reclassification of completed construction in progress and paid-off capital leases.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Depreciation expense was charged to the following functions:

| | Amount |
|--|--------------|
| Governmental activities: | |
| General government | \$ 168,604 |
| Public safety | 917,849 |
| Public works | 1,833,355 |
| Health and welfare | 239,934 |
| Culture and recreation | 108,708 |
| | <hr/> |
| Total governmental activities depreciation expense | \$ 3,268,450 |
| | <hr/> |
| | Amount |
| Business-type activities: | |
| Solid waste | \$ 219,358 |
| | <hr/> |

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

| Description of Commitment | Remaining Financial Commitment | Expected Date of Completion |
|--|--------------------------------------|--------------------------------|
| Three (3) bridges on Lower Ovett Road | \$ 214,811 | May 2022 |
| Two (2) bridge replacements - Sharon Moss Road | 1,060,953 | September 2022 |

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Operating Leases.

As Lessor:

On April 21, 2011, Jones County entered into a non-cancellable operating lease agreement with South Central Regional Medical Center for the lease of Jones County Rest Home owned by the County for the purpose of operation of the home and to provide care for its residents. The operating lease stipulated that the lessee would pay approximately \$14,640 per month in lease payments commencing January 1, 2011, for a term of 20 years. Also, the most recent amendment to the lease, dated April 6, 2021, requires additional debt service rental payments for the amount of the principal and interest associated with the \$4,225,000 Limited Tax and Hospital Revenue Refunding Bonds, Series 2017, and the \$2,405,000 Limited Tax and Hospital Revenue Refunding Bonds, Series 2021.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$993,428 for the year ended September 30, 2021. The future minimum lease receivables for these leases are as follows:

| <u>Year Ending September 30</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2022 | \$ 949,583 |
| 2023 | 959,480 |
| 2024 | 957,380 |
| 2025 | 946,180 |
| 2026 | 957,380 |
| 2027 - 2031 | <u>4,757,650</u> |
| Total Minimum Payments Required | <u>\$ 9,527,653</u> |

(10) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2021:

| <u>Classes of Property</u> | <u>Amount</u> |
|---|----------------------|
| Industrial facilities for Howard Industries, Inc. | \$ 14,000,000 |
| Industrial facilities for Howard Industries, Inc. | <u>6,000,000</u> |
| Total | <u>\$ 20,000,000</u> |

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2021, are as follows:

| <u>Year Ending September 30</u> | <u>Principal</u> |
|---------------------------------|---------------------|
| 2022 | \$ 1,000,000 |
| 2023 | 1,000,000 |
| 2024 | <u>1,800,000</u> |
| Total | <u>\$ 3,800,000</u> |

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

| Classes of Property | Governmental Activities | Business-type Activities |
|--------------------------------------|----------------------------|-----------------------------|
| Buildings | \$ 2,906,801 | |
| Mobile equipment | 3,649,252 | 1,175,145 |
| Furniture and equipment | 2,140,978 | |
| Total | 8,697,031 | 1,175,145 |
| Less: Accumulated depreciation | (3,822,828) | (516,340) |
| Leased Property Under Capital Leases | \$ 4,874,203 | 658,805 |

The following is a schedule by years of the total payments due as of September 30, 2021:

| Year Ending September 30 | Governmental Activities | | Business-type Activities | |
|--------------------------|-------------------------|----------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 2,038,605 | 252,909 | 456,095 | 19,415 |
| 2023 | 1,752,325 | 190,022 | 206,770 | 6,302 |
| 2024 | 1,573,684 | 138,567 | 136,936 | 2,259 |
| 2025 | 1,097,888 | 91,347 | | |
| 2026 | 1,015,593 | 51,250 | | |
| 2027 - 2031 | 310,044 | 11,999 | | |
| Total | \$ 7,788,139 | 736,094 | 799,801 | 27,976 |

(11) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|---------------------------------|-----------------------|------------------|------------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| MBIA bonds for Tech Park | \$ 2,100,000 | 0.00% | 11/2023 |
| MBIA bonds for Tech Park | 1,700,000 | 0.00% | 04/2025 |
| Series 2012 Road Bond | 175,000 | 1.75-2.50% | 06/2027 |
| 2013 Road Bond | 830,000 | 1.50-2.00% | 05/2028 |
| Series 2015 Refunding Bond | 835,000 | 2.00% | 06/2023 |
| Series 2017 Bond | 4,130,000 | 2.50-3.50% | 09/2038 |
| Series 2020 Refunding Bond | 4,141,000 | 1.20% | 12/2025 |
| Refunding Bonds, Series 2021 | 24,382,000 | 0.46-1.52% | 05/2034 |
| Total General Obligation Bonds | \$ 38,293,000 | | |

JONES COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|--|-----------------------|------------------|------------------------|
| Governmental Activities: | | | |
| B. Limited Obligation Bonds: | | | |
| Series 2017 Limited Tax & Hospital Refunding Bond | \$ 4,015,000 | 3.00-4.00% | 04/2031 |
| Limited Tax & Hospital Revenue Refunding Bonds, Series 2021 | <u>2,405,000</u> | 3.00-4.00% | 04/2031 |
| Total Limited Obligation Bonds | <u>\$ 6,420,000</u> | | |
| C. Capital Leases: | | | |
| (4) - 2018 Nissan Kicks | \$ 33,757 | 3.55% | 12/2022 |
| Used 2007 LaFrance Fire Truck | 54,895 | 2.36% | 05/2024 |
| 2019 Ford F150 | 16,229 | 3.46% | 01/2023 |
| 3-Ton Air Conditioner | 4,456 | 2.85% | 06/2022 |
| 2019 Ford F250 Pickup | 15,485 | 3.52% | 05/2023 |
| VFD Pagers | 92,223 | 3.46% | 01/2023 |
| DHS Building - EDA | 1,096,482 | 3.89% | 04/2026 |
| 2004 GMC C7500 | 11,596 | 3.64% | 08/2022 |
| 2019 Caterpillar Backhoe Loader | 81,359 | 3.39% | 12/2021 |
| 2018 Cat 320 Excavator | 152,868 | 3.37% | 03/2022 |
| 2019 Mack Truck w/ Dump Body | 116,649 | 3.50% | 12/2021 |
| Kubota Tractor w/ Diamond Side Mower | 43,905 | 3.52% | 02/2023 |
| 2018 Caterpillar 420F Backhoe Loader | 28,113 | 3.04% | 02/2022 |
| 2018 C-1500 Crew Cab Truck | 8,551 | 3.32% | 05/2022 |
| Used Caterpillar Tractor | 39,536 | 3.54% | 09/2021 |
| Radio Equipment | 3,923,277 | 3.87% | 03/2027 |
| (2) New Nissan Kicks | 24,702 | 2.82% | 12/2023 |
| 2020 Ford F-150 Super Crew Truck | 31,530 | 2.75% | 02/2024 |
| John Deere 6015E Tractor / Alamo Mower | 92,373 | 2.58% | 03/2024 |
| 2019 Chevy Silverado & 2020 Chevy Silverado | 49,618 | 2.58% | 03/2024 |
| 2020 Ford F150 Police Responder | 27,659 | 2.58% | 03/2024 |
| 2019 Chevy Silverado 4WD Crew Cab | 22,637 | 2.06% | 05/2024 |
| 2021 Western Star 4700SF Tandem Dump Truck | 132,916 | 1.82% | 07/2023 |
| (3) Western Star Knucklebooms | 377,253 | 1.44% | 09/2024 |
| (3) 2021 Western Star 4700SF Single Axle | 250,849 | 1.44% | 09/2024 |
| (20) 2020 Dodge Durango Police Vehicles | 526,037 | 1.44% | 09/2024 |
| (3) Kubota Terrain King tractors w/mowers | 335,808 | 1.79% | 02/2025 |
| Kubota tractor w/Terrain King mower | 87,168 | 1.74% | 08/2025 |
| Caterpillar 305E2 mini excavator / 305 hydraulic thumb | 61,670 | 1.84% | 12/2023 |
| (2) 2021 Chevrolet Silverado 3500 trucks | <u>48,538</u> | 1.95% | 07/2025 |
| Total Capital Leases | <u>\$ 7,788,139</u> | | |

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|-----------------------------------|-----------------------|------------------|------------------------|
| Governmental Activities: | | | |
| 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>221,677</u> | 3.00% | 10/2029 |
| Total Other Loans | <u>\$ 448,776</u> | | |

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

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

Governmental Activities:

| Year Ending September 30 | General Obligation Bonds | | Limited Obligation Bonds | |
|--------------------------|--------------------------|------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 5,095,000 | 488,705 | 545,000 | 228,903 |
| 2023 | 5,101,000 | 425,294 | 570,000 | 213,800 |
| 2024 | 5,108,000 | 334,341 | 585,000 | 196,700 |
| 2025 | 3,972,000 | 300,537 | 595,000 | 175,500 |
| 2026 | 3,505,000 | 266,605 | 630,000 | 151,700 |
| 2027 - 2031 | 11,170,000 | 858,485 | 3,495,000 | 384,250 |
| 2032 - 2036 | 3,737,000 | 260,011 | | |
| 2037 - 2041 | <u>605,000</u> | <u>15,937</u> | | |
| Total | <u>\$ 38,293,000</u> | <u>2,949,915</u> | <u>6,420,000</u> | <u>1,350,853</u> |

| Year Ending September 30 | Other Loans | |
|--------------------------|-------------------|---------------|
| | Principal | Interest |
| 2022 | \$ 251,264 | 29,553 |
| 2023 | 24,900 | 5,466 |
| 2024 | 25,658 | 4,709 |
| 2025 | 26,438 | 3,947 |
| 2026 | 27,242 | 3,124 |
| 2027 - 2031 | <u>93,274</u> | <u>5,400</u> |
| Total | <u>\$ 448,776</u> | <u>52,199</u> |

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2021, the amount of outstanding debt was equal to 4.87 percent of the latest property assessments.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Current Refunding - On April 8, 2021, the County issued \$24,931,000 in general obligation refunding bonds with an average interest rate of 1.09% to refund \$24,120,000 of the following outstanding bond issues:

| Issue | Average Interest Rate | Outstanding Amount Refunded |
|---|--------------------------|--------------------------------|
| \$2,500,000 General Obligation Bonds, Series 2012 | 2.08% | \$ 960,000 |
| \$6,000,000 General Obligation Bonds, Series 2013 | 1.95% | 2,305,000 |
| \$7,000,000 General Obligation Bonds, Series 2014 | 2.15% | 4,180,000 |
| \$8,000,000 General Obligation Bonds, Series 2016 | 2.25% | 7,400,000 |
| \$9,275,000 General Obligation Bonds, Series 2019 | 3.27% | 9,275,000 |

The County refunded the above bonds to reduce its total debt service payments over the next 13 years by almost \$1,808,206 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,670,221.

The \$2,500,000 General Obligation Bonds, Series 2012 had an outstanding balance of \$1,305,000 at the time of refunding, but only \$960,000 of the bond was refunded, leaving a remaining principal balance of \$345,000, of which \$170,000 was redeemed during fiscal year 2021.

The \$6,000,000 General Obligation Bonds, Series 2013 had an outstanding balance of \$3,530,000 at the time of refunding, but only \$2,305,000 of the bond was refunded, leaving a remaining principal balance of \$1,225,000, of which \$395,000 was redeemed during fiscal year 2021.

The \$7,000,000 General Obligation Bonds, Series 2014 had an outstanding balance of \$4,625,000 at the time of refunding, but only \$4,180,000 of the bond was refunded, leaving a remaining principal balance of \$445,000, all of which was redeemed during fiscal year 2021.

Current Refunding - On April 6, 2021, the County issued \$2,405,000 in limited obligation refunding bonds with an average interest rate of 1.37% to refund \$2,655,000 of the following outstanding bond issue:

| Issue | Average Interest Rate | Outstanding Amount Refunded |
|---|-----------------------------|-----------------------------------|
| \$4,335,000 MDB Special Obligation Bonds, Series 2012 | 3.20% | \$ 2,655,000 |

The County refunded the above bonds to reduce its total debt service payments over the next 10 years by almost \$220,413 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$204,764.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

| | Balance Oct. 1, 2020 | Additions | Reductions | Adjustments* | Balance Sept. 30, 2021 | Amount due within one year |
|---------------------------------|-------------------------|-------------------|-------------------|----------------|---------------------------|----------------------------------|
| Governmental Activities: | | | | | | |
| Compensated absences | \$ 913,239 | 279,831 | | | 1,193,070 | |
| General obligation bonds | 41,815,000 | 24,931,000 | 28,453,000 | | 38,293,000 | 5,095,000 |
| Less: | | | | | | |
| Discounts | (15,190) | | | 15,190 | | |
| Add: | | | | | | |
| Premiums | 18,974 | | 67,254 | 66,550 | 18,270 | |
| Limited obligation bonds | 7,225,000 | 2,405,000 | 3,210,000 | | 6,420,000 | 545,000 |
| Less: | | | | | | |
| Discounts | (80,177) | | (24,620) | 55,557 | | |
| Add: | | | | | | |
| Premiums | 204,746 | 354,301 | 37,199 | (229) | 521,619 | |
| Capital leases | 9,266,998 | 533,184 | 2,012,043 | | 7,788,139 | 2,038,605 |
| Other loans | 473,815 | | 25,039 | | 448,776 | 251,264 |
| Total | <u>\$ 59,822,405</u> | <u>28,503,316</u> | <u>33,779,915</u> | <u>137,068</u> | <u>54,682,874</u> | <u>7,929,869</u> |

*Adjustments are to correct prior year errors in long-term debt.

| | Balance Oct. 1, 2020 | Additions | Reductions | Balance Sept. 30, 2021 | Amount due within one year |
|----------------------------------|-------------------------|----------------|----------------|---------------------------|----------------------------------|
| Business-type Activities: | | | | | |
| Compensated absences | \$ 56,259 | 16,901 | | 73,160 | |
| Capital leases | 900,770 | 189,500 | 290,469 | 799,801 | 456,095 |
| Total | <u>\$ 957,029</u> | <u>206,401</u> | <u>290,469</u> | <u>872,961</u> | <u>456,095</u> |

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

(12) 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 Annotated (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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

a single employer defined benefit healthcare 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.

(13) 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 *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. At September 30, 2021, 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, 2021 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, 2021, 2020 and 2019 were \$2,613,077, \$2,505,849 and \$2,170,940, 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, 2021, the County reported a liability of \$33,326,043 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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, 2021 net pension liability was 0.225474 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.012732 from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$1,909,465. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 519,926 | |
| Net difference between projected and actual earnings on pension plan investments | | 10,160,961 |
| Changes of assumptions | 2,555,221 | |
| Changes in the proportion and differences between the County's contributions and proportionate share of contributions | 2,348,704 | 446,667 |
| County contributions subsequent to the measurement date | 636,891 | |
| Total | \$ 6,060,742 | 10,607,628 |

\$636,891 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending September 30 | Amount |
|--------------------------|----------------|
| 2022 | \$ (751,500) |
| 2023 | (392,372) |
| 2024 | (1,049,117) |
| 2025 | (2,990,788) |
| Total | \$ (5,183,777) |

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.40 percent |
| Salary increases | 2.65 – 17.90 percent, including inflation |
| Investment rate of return | 7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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 % | 4.60 % |
| International Equity | 22.00 | 4.50 |
| Global Equity | 12.00 | 4.80 |
| Fixed Income | 20.00 | (0.25) |
| Real Estate | 10.00 | 3.75 |
| Private Equity | 8.00 | 6.00 |
| Cash Equivalents | 1.00 | (1.00) |
| Total | 100.00 % | |

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

| | 1% Decrease (6.55%) | Current Discount Rate (7.55%) | 1% Increase (8.55%) |
|---|------------------------|----------------------------------|------------------------|
| County's proportionate share of the net pension liability | \$ 47,197,489 | 33,326,043 | 21,894,867 |

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

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(14) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2021:

| <u>Fund</u> | <u>Deficit Amount</u> |
|------------------------------------|-----------------------|
| Parks and Recreation Fund | \$ 103 |
| Election Assistance Fund | 22,104 |
| District 3 Road Fund | 3,023 |
| Countywide Bridge and Culvert Fund | 1,544 |
| Countywide Bridge Repair Fund | 300,000 |

(15) Contingencies.

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

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

(16) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(31,041,304) 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 \$596,542 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, 2022. The \$5,081,852 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$9,939,461 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$45,495,513 includes the effect of deferred inflows/outflows of resources related to refundings of County debt. The \$449,923 balance of the deferred outflows of resources related to refundings at September 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 10 years. The \$43,664 balance of the deferred inflows of resources related to refundings at September 30, 2021, will be recognized in interest expense and will increase the net investment in capital assets net position over the next 13 years.

The business-type activities' unrestricted net position amount of \$(1,797,698) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$40,349 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, 2022. The \$341,999 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$668,167 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(17) Joint Ventures.

The County participates in the following joint ventures:

Jones County is a participant with the Cities of Laurel, Ellisville, and Sandersville in a joint venture, authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, 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 \$530,687 in fiscal year 2021. 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, Mississippi Code of 1972 Annotated*, 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 \$256,200 in fiscal year 2021. 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, Greene, Jefferson Davis, Perry and Stone, and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, 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 15 members of the Board of Directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for 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, Mississippi Code of 1972 Annotated*, 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 \$232,023 in fiscal year 2021. Complete financial statements for the Jones County Economic Development Authority can be obtained from P.O. Box 527, Laurel, MS 39441.

(18) Jointly-Governed Organizations.

The County participates in the following jointly-governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jones County Board of Supervisors appoints one of the 34 members of the board of directors. The County appropriated \$84,440 for support of the district in fiscal year 2021.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Hancock, Harrison, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jones County Board of Supervisors appoints one of the 13 members of the board of commissioners. The County attributed \$47,500 for support of the entity in fiscal year 2021.

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 \$3,245,679 for maintenance and support of the college in fiscal year 2021.

JONES COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 three 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 2021.

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 \$150,000 for support of the fair in fiscal year 2021.

(19) Tax Abatements.

As of September 30, 2021, Jones County provides a 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 one mill, and community college tax levies. These exemptions are authorized under *Sections 27-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$997,943.

(20) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Jones County evaluated the activity of the County through December 21, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the County issued the following debt obligations:

| Issue Date | Interest Rate | | Issue Amount | Type of Financing | Source of Financing |
|---------------|------------------|----|-----------------|-------------------|---------------------|
| 12/1/2001 | 1.77% | \$ | 175,938 | Capital lease | Ad valorem taxes |
| 1/18/2022 | 1.81% | | 189,500 | Capital lease | Ad valorem taxes |
| 3/21/2022 | 2.22% | | 238,01 | Capital lease | Ad valorem taxes |
| 07/2022 | 3.48% | | 529,432 | Capital Lease | Ad Valorem Taxes |
| 08/2022 | 3.44% | | 48,890 | Capital Lease | Ad Valorem Taxes |

JONES COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JONES COUNTY

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JONES COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|--------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 17,358,367 | 17,710,926 | 17,710,926 | |
| Road and bridge privilege taxes | | 1,095,731 | 1,095,731 | |
| Licenses, commissions and other revenue | 1,566,900 | 999,456 | 999,456 | |
| Fines and forfeitures | 362,500 | 551,459 | 551,459 | |
| Intergovernmental revenues | 1,834,000 | 2,180,436 | 2,180,436 | |
| Charges for services | 225,000 | 495,545 | 495,545 | |
| Interest income | 140,000 | 224,769 | 224,769 | |
| Miscellaneous revenues | 336,680 | 709,586 | 709,586 | |
| Total Revenues | <u>21,823,447</u> | <u>23,967,908</u> | <u>23,967,908</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 9,680,436 | 10,715,557 | 10,715,557 | |
| Public safety | 6,704,648 | 8,011,456 | 8,011,456 | |
| Public works | 256,200 | 256,200 | 256,200 | |
| Health and welfare | 1,159,112 | 1,174,112 | 1,174,112 | |
| Culture and recreation | 755,000 | 552,507 | 552,507 | |
| Education | 525,000 | 610,200 | 610,200 | |
| Conservation of natural resources | 152,116 | 101,100 | 101,100 | |
| Economic development and assistance | 313,963 | 304,984 | 304,984 | |
| Debt service: | | | | |
| Principal | 67,415 | 152,941 | 152,941 | |
| Interest | 7,624 | 17,423 | 17,423 | |
| Total Expenditures | <u>19,621,514</u> | <u>21,896,480</u> | <u>21,896,480</u> | <u>0</u> |
| Excess of Revenues over (under) Expenditures | <u>2,201,933</u> | <u>2,071,428</u> | <u>2,071,428</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Compensation for loss of capital assets | | 246,844 | 246,844 | |
| Transfers in | | 262,129 | 262,129 | |
| Transfers out | | (2,314,324) | (2,314,324) | |
| Other financing uses | (2,519,105) | | | |
| Total Other Financing Sources and Uses | <u>(2,519,105)</u> | <u>(1,805,351)</u> | <u>(1,805,351)</u> | <u>0</u> |
| Net Change in Fund Balance | (317,172) | 266,077 | 266,077 | 0 |
| Fund Balances - Beginning | <u>3,500,000</u> | <u>5,431,532</u> | <u>5,431,532</u> | <u>0</u> |
| Fund Balances - Ending | <u>\$ 3,182,828</u> | <u>5,697,609</u> | <u>5,697,609</u> | <u>0</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)
 2021 ARPA Fund
 For the Year Ended September 30, 2021
 UNAUDITED

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|--------------------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ | 6,613,619 | 6,613,619 | |
| Interest income | | 34,518 | 34,518 | |
| Total Revenues | <u>0</u> | <u>6,648,137</u> | <u>6,648,137</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | | (30,721) | (30,721) | |
| Total Other Financing Sources and Uses | <u>0</u> | <u>(30,721)</u> | <u>(30,721)</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 6,617,416 | 6,617,416 | 0 |
| Fund Balances - Beginning | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances - Ending | <u>\$ 0</u> | <u>6,617,416</u> | <u>6,617,416</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, 2021
UNAUDITED

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|------------|------------|------------|------------|------------|------------|
| County's proportion of the net pension liability (asset) | 0.225474% | 0.212742% | 0.205808% | 0.218941% | 0.220782% | 0.212147% | 0.205099% |
| County's proportionate share of the net pension liability (asset) | \$ 33,326,043 | 41,184,379 | 36,205,688 | 36,416,392 | 37,701,461 | 37,894,752 | 31,704,261 |
| Covered payroll | \$ 14,991,735 | 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 | 222.30% | 290.76% | 270.12% | 263.50% | 259.13% | 279.22% | 245.55% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.44% | 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, 2021
UNAUDITED

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|--|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 2,613,077 | 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>2,613,077</u> | <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> | <u>0</u> |
| Covered payroll | \$ 15,017,684 | 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% | 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, 2021

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:

| | <u>Governmental Fund Types</u> | |
|--|--------------------------------|-------------------------------|
| | <u>General Fund</u> | <u>2021 ARPA Fund</u> |
| Budget (Cash Basis) | \$ 266,077 | 6,617,416 |
| Increase (Decrease) | | |
| Net adjustments for revenue accruals | 98,154 | (6,613,619) |
| Net adjustments for expenditure accruals | <u>(8,240)</u> | <u></u> |
| GAAP Basis | <u>\$ 355,991</u> | <u>3,797</u> |

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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 more closely.

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.

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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

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

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%.

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

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.

JONES COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021

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, 2019 valuation for the June 30, 2021 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 | 28.8 years |
| Asset valuation method | 5-year smoothed market |
| Price inflation | 2.75 percent |
| Salary increase | 3.00 percent to 18.25 percent, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

JONES COUNTY

SUPPLEMENTARY INFORMATION

JONES COUNTY

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JONES COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

| Federal Grantor/ Pass-through Grantor/ Program Title or Cluster | Federal AL Number | Pass-through Entity Identifying Number | Federal Expenditures |
|--|-------------------------|--|-------------------------|
| U.S. Department of Agriculture - Forest Service/ Passed-through Mississippi State Treasurer's Office Forest service schools and roads cluster: | | | |
| Schools and roads - grants to states | 10.665 | N/A | \$ 97,102 |
| Total Forest Service Schools and Roads Cluster | | | <u>97,102</u> |
| U.S. Department of Agriculture - Natural Resources Conservation Service Emergency watershed protection program (Direct Award) | 10.923 | N/A | <u>264,118</u> |
| Total U.S. Department of Agriculture | | | <u>361,220</u> |
| U.S. Department of Justice/ Coronavirus emergency supplemental funding program (Direct Award) | 16.034 | N/A | <u>21,772</u> |
| Passed-through the Mississippi Department of Health Crime victim assistance | 16.575 | 2021-VA-044 | <u>39,502</u> |
| Violence against women formula grants | 16.588 | 2021-ST-044 | <u>50,416</u> |
| Total U.S. Department of Justice | | | <u>111,690</u> |
| U.S. Department of Transportation/ Passed-through the Mississippi Department of Transportation Highway safety cluster: | | | |
| State and community highway safety | 20.600 | OP-2021-OP-13-41 | <u>91,394</u> |
| Total highway safety cluster | | | <u>91,394</u> |
| Passed-through the Mississippi Department of Public Safety Alcohol open container requirements | 20.607 | 154AL-2021-AT-13-41 | <u>95,647</u> |
| Total U.S. Department of Transportation | | | <u>187,041</u> |
| U.S. Department of the Treasury/ Passed-through the Administrative Office of Courts | | | |
| Coronavirus relief fund | 21.019 | 1728-34CI-11052020 | 95,426 |
| Coronavirus relief fund | 21.019 | 1728-34Y-10162020 | 61,788 |
| Coronavirus relief fund | 21.019 | 1728-34CH-09252020 | <u>42,722</u> |
| Subtotal | | | <u>199,936</u> |

JONES COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

| Federal Grantor/ Pass-through Grantor/ Program Title or Cluster | Federal AL Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|-------------------------|--|-------------------------|
| Passed-through the Mississippi Secretary of State Coronavirus relief fund | 21.019 | Unknown | 20,534 |
| Total U.S. Department of the Treasury | | | 220,470 |
| U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency | | | |
| Disaster grants - public assistance (Presidentially declared disasters)* | 97.036 | FEMA-4536-DR-MS | 2,896,768 |
| Disaster grants - public assistance (Presidentially declared disasters)* | 97.036 | FEMA-4551-DR-MS | 675,289 |
| Subtotal | | | 3,572,057 |
| Emergency management performance grants | 97.042 | Unknown | 53,815 |
| Passed-through the Mississippi Department of Public Safety Homeland security grant program | 97.067 | 20LE034 | 10,333 |
| Total U.S. Department of Homeland Security | | | 3,636,205 |
| Total Expenditures of Federal Awards | | | \$ 4,516,626 |

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, 2021. 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 credit 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.

Note D - Schools and Roads - Grants to States

Of the federal expenditures presented in the schedule, the County provided awards totaling \$69,292 to subrecipients during the year ended September 30, 2021.

* Denotes major federal award program

JONES COUNTY

OTHER INFORMATION

JONES COUNTY

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JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

| Name | Position | Company | Bond |
|-------------------------------|-----------------------------------|---------------------------------------|-----------|
| John A. Burnett | Supervisor District 1 | Brierfield Insurance Company | \$100,000 |
| Thurman Larry Dykes | Supervisor District 2 | Travelers Casualty and Surety Company | \$100,000 |
| Phil A. Dickerson | Supervisor District 3 | Travelers Casualty and Surety Company | \$100,000 |
| Clarence David Scruggs | Supervisor District 4 | Brierfield Insurance Company | \$100,000 |
| Travares K. Comegys | Supervisor District 5 | Travelers Casualty and Surety Company | \$100,000 |
| Danielle Ashley | County Administrator | Travelers Casualty and Surety Company | \$100,000 |
| Wendell Bart Gavin | Chancery Clerk | Brierfield Insurance Company | \$100,000 |
| Rhonda Lynn Williamson | Purchase Clerk | Travelers Casualty and Surety Company | \$100,000 |
| Richard Creel | Assistant Purchase Clerk | Travelers Casualty and Surety Company | \$50,000 |
| Martha Brownlee | Receiving Clerk | Travelers Casualty and Surety Company | \$75,000 |
| Robert Wansley | Assistant Receiving Clerk | Travelers Casualty and Surety Company | \$50,000 |
| William Burl Hall | Assistant Receiving Clerk | Travelers Casualty and Surety Company | \$10,000 |
| Kenyada McGilberry | Assistant Receiving Clerk | Travelers Casualty and Surety Company | \$50,000 |
| Chasity Gray | Assistant Receiving Clerk | Travelers Casualty and Surety Company | \$75,000 |
| Pamela Mechelle Beasley | Assistant Receiving Clerk | Travelers Casualty and Surety Company | \$100,000 |
| Several Clerks (Blanket Bond) | Assistant Receiving Clerk | Travelers Casualty and Surety Company | \$50,000 |
| Charles Miller | Inventory Control Clerk | Travelers Casualty and Surety Company | \$75,000 |
| Janice Scarbrough | Assistant Inventory Control Clerk | Travelers Casualty and Surety Company | \$50,000 |
| Samuel Mike Sumrall | Constable | Brierfield Insurance Company | \$50,000 |
| David Livingston | Constable | Brierfield Insurance Company | \$50,000 |
| Jack Danny Gibson | Constable | Travelers Casualty and Surety Company | \$50,000 |
| Concetta Brooks | Circuit Clerk | Brierfield Insurance Company | \$100,000 |
| Colleen Rene Stewart | Deputy Circuit Clerk | Travelers Casualty and Surety Company | \$100,000 |
| Lisa S.Coulson (Lisa Smith) | Deputy Circuit Clerk | Brierfield Insurance Company | \$100,000 |
| Charlotte A. Ishee | Deputy Circuit Clerk | Brierfield Insurance Company | \$100,000 |
| Tammy Ruth Langleigh Williams | Deputy Circuit Clerk | Brierfield Insurance Company | \$100,000 |
| Christy Dione Hodge | Deputy Circuit Clerk | Brierfield Insurance Company | \$50,000 |
| Kelly Ellzie | Deputy Circuit Clerk | Brierfield Insurance Company | \$100,000 |
| Kayleigh Breland | Deputy Circuit Clerk | Brierfield Insurance Company | \$100,000 |
| Kayla West | Deputy Circuit Clerk | Travelers Casualty and Surety Company | \$75,000 |
| Joseph K. Berlin | Sheriff | Travelers Casualty and Surety Company | \$100,000 |
| David P. Lyons | Justice Court Judge | Brierfield Insurance Company | \$50,000 |
| Curtis 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 Gleen | 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 |
| Bonnie Jeane 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 Marie Emmons | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| Brandy Hearn | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| Virginia Myrick | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| Anna Jolene Emmons | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| W. Brock Shedd | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| Casey Pickering | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| 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 |

JONES COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

| Name | Position | Company | Bond |
|------------------------|----------------------|---------------------------------------|----------|
| 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 |
| Ashlynn Jade McNabb | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| Zachary Donta Busby | Deputy Tax Assessor | Travelers Casualty and Surety Company | \$10,000 |
| Judy Beard | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |
| Carolyn Moody | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |
| Connie Shoemake | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |
| Wendy Walters | 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 |
| Wakenda Graves | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |
| Cindy Taylor | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |
| Sommer N. Barlow | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |
| Haley Marie Strickland | Deputy Tax Collector | Travelers Casualty and Surety Company | \$50,000 |

JONES COUNTY

SPECIAL REPORTS

JONES COUNTY

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

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

Members of the Board of Supervisors
Jones County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jones County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Jones County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated December 21, 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.

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

December 12, 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, 2021. 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, 2021.

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

December 12, 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, MISSISSIPPI CODE OF 1972 ANNOTATED)**

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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. 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 a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Board of Supervisors, Receiving Clerk and Assistant Receiving Clerks.

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

Repeat Finding Yes

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.

| | |
|---|--|
| Condition | As reported in the prior eight years' audit reports, the Assistant Receiving Clerks have bonds that were written as an "indefinite" and were not adequately bonded for fiscal year 2021. 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 statute 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 now getting individual bonds for any additional Receiving Clerks. Hopefully this will resolve the issue over time. |

In our opinion, 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, 2021.

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, *Mississippi Code of 1972 Annotated*. 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 response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 12, 2022

JONES COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

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

Jones County
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount Paid</u> | <u>Vendor</u> | <u>Reason for Emergency Purchase</u> |
|-------------|--|------------------------|-------------------------------|---|
| 2/11/2021 | Materials and labor to replace glass in county vehicles and equipment | \$ 57,023 | Jones County Glass Company | Safety of county employees after tornado event |

JONES COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

| <u>Date</u> | <u>Item Purchased</u> | | <u>Amount Paid</u> | <u>Vendor</u> |
|-------------|---------------------------|----|------------------------|---------------------------|
| 12/7/2020 | Investigative software | \$ | 7,559 | Vetted Security Solutions |

JONES COUNTY

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**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, 2021, we considered Jones County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jones County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 21, 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, Mississippi Code of 1972 Annotated*, 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 five 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) I am doing a tutorial with my fee journal vendor to rectify these deficiencies.

Board of Supervisors.

2. The County should adhere to the requirements governing the use of credit cards.

Repeat Finding No

Criteria *Section 19-3-68, Mississippi Code of 1972 Annotated*, authorizes the use of a county credit card for travel by the Board of Supervisors and county employees. The Chancery Clerk or Purchase Clerk is required to maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees must furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the County in the same manner as other items in the claims docket.

Condition In addition to travel, the County's credit cards were used to purchase body armor, tablets and computer accessories, dog food, and other various items. Receipts were not available for all credit card charges and the required monthly reports were not submitted to the Board of Supervisors.

Cause The County did not comply with state law or have adequate controls in place to monitor the use of county credit cards.

Effect Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowed expenditures.

Recommendation The Board of Supervisors should implement procedures to ensure that county credit cards are used only for authorized travel and that the required report is presented to the Board of Supervisors each month.

Views of Responsible Official(s) We will comply.

Election Commissioners.

3. Election Commissioners should not receive per diem in excess of the amount allowed by state law.

Repeat Finding No

Criteria *Section 23-15-153, Mississippi Code of 1972 Annotated*, authorizes the allowable number of days that can be paid to Election Commissioners for per diem in a calendar year.

Condition During the audit, we noted that four (4) of the five (5) Election Commissioners were paid more than statutorily allowed.

Cause The Election Commissioners were not aware of the limit on the number of days for which they are allowed to receive per diem.

| | |
|-----------------------|--|
| Effect | Failure to comply with state law resulted in improper per diem payments to the Election Commissioners for a total of 127 days and in the loss of \$12,700 in public funds. |
| Recommendation | Each Election Commissioner should repay his respective overpayment to the County's General Fund. Additionally, all future per diem payments to the Election Commissioners should be made in accordance with the statutory amounts allowed. |
| Auditor's Note | All of the overpayments were repaid to the County's General Fund on May 13, 2022, as evidenced by receipt warrant numbers 2200889, 2200890, 2200892 and 2200900. |

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, 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 12, 2022

JONES COUNTY

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JONES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JONES COUNTY

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JONES COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

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

| | |
|--|------------|
| Governmental activities | Qualified |
| Business-type activities | Qualified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| 2021 ARPA Fund | Unmodified |
| Countywide Bond & Interest Sinking Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| Solid Waste Fund | Qualified |

2. Internal control over financial reporting:

| | |
|---------------------------------------|---------------|
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |

3. Noncompliance material to the financial statements noted?

No

Federal Awards:

4. Internal control over major federal programs:

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

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

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:

AL #97.036, Disaster grants - public assistance (Presidentially declared disasters)

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)?

Yes

JONES COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2021-001. 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 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. 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 eleven 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.

Material Weakness

2021-002. Revenues and general journal entries should be recorded correctly in the general ledger.

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 two years' audit reports, 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.

JONES COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

| | |
|---|---|
| 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

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JONES COUNTY

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

JONES COUNTY

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MISSISSIPPI

JONES COUNTY BOARD OF SUPERVISORS

P. O BOX 1468
LAUREL, MS 39441

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

CORRECTIVE ACTION PLAN

November 9, 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, 2021.

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

2021-001. Corrective Action Planned: We will try to ascertain this information but it is very difficult.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Charles Miller, CFO

2021-002. Corrective Action Planned: We thought we had corrected all revenue and general journal entries that the Auditor's office had proposed. We will correct any remaining brought to our attention by the Auditor's office.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Charles Miller, CFO

JOHNNY BURNEIT
DISTRICT 1

T LARRY DYKES
DISTR[CT]2

PHIL DICKERSON
DISTRICT3

DAVID SCRUGGS
DISTRICT4

TRAVARES K COMEGYS
DISTRICTS

BART GAVIN
CLERK

Office of the State Auditor
November 9, 2022
Page 2

SECTION 3: FEDERAL AWARD FINDINGS

There were 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) 428-3 139
Fax: (601) 399-4727

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 9, 2022

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

Dear Sir,

Jones County respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2021.

The findings from the prior year's Schedule of Findings and Responses are discussed below. The findings are numbered with the numbers assigned in the first year of issuance. Section 1: Summary of Auditor's Results does not include findings and is not addressed-
Office of the State Auditor

SECTION 2: FINANCIAL STATEMENT FINDINGS

09-2.

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

No corrective action has been taken at this time.

2019-004.

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

Corrected.

2019-005.

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

No corrective action has been taken at this time.

JOHNNY BURNEIT
DISTRICT I

LARRY DYKES
DISTRICT 2

PHIL DICKERSON
DISTRICT 3

DAVID SCRUGGS
DISTRICT 4

TRAVARES K. COMEGYS
DISTRICTS

BART
GAVIN
CLERK

Office of the State Auditor
Page 2
November 9, 2022

SECTION 3: FEDERAL AWARD FINDINGS

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

Sincerely,

A handwritten signature in blue ink, reading "Charles Miller", is positioned above a horizontal line.

Charles Miller, Chief Financial Officer
Jones County Board of Supervisors