

JACKSON COUNTY, MISSISSIPPI  
Audited Financial Statements  
and Special Reports  
For the Year Ended September 30, 2014

# WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1928)

*Certified Public Accountants*

HANCOCK BANK BUILDING

2510 - 14TH STREET

P.O. BOX 129

GULFPORT, MISSISSIPPI 39502

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September 22, 2015

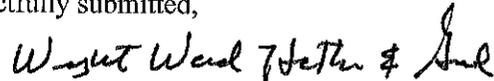
Members of the Board of Supervisors  
Jackson County, Mississippi

Dear Board Members:

We are pleased to submit to you the 2014 financial and compliance audit report for Jackson 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.

We appreciate the cooperation and courtesy extended by the officials and employees of Jackson County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Jackson County. If we can be of any further assistance, please contact Michael E. Guel or Sande W. Hentges at (228) 863-6501.

Respectfully submitted,



Wright, Ward, Hatten and Guel, CPAs

JACKSON COUNTY, MISSISSIPPI

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FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

September 22, 2015

To the Members of the Board of Supervisors  
Jackson 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 Jackson County, Mississippi, as of and for the year ended September 30, 2014, 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 Qualified Opinion on the Road Fund***

Management has not recorded the appropriate capital outlay related to on-going projects in the road fund. Accounting principles generally accepted in the United States of America require that adequate records be maintained to document the existence, completeness, and valuation of capital assets and adequately documented. The amount by which this departure would affect road fund amounts is not reasonably determinable.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the Road Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Jackson County, Mississippi, as of September 30, 2014, 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.

### ***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 expense of the aggregate discretely presented component units is not reasonably determinable.

### ***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 Jackson county, Mississippi, as of September 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the general fund, CDBG Halter Marine Fund, Correctional Facility Fund and the aggregate remaining fund information of Jackson County, Mississippi, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, in 2014, Jackson County, Mississippi adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and the Schedule of Funding Progress – Other Postemployment Benefits on pages 40-43 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.

Jackson County, Mississippi has omitted the Management's Discussion and Analysis, 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 the 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.

#### *Other Information*

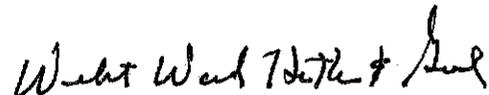
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Mississippi basic financial statements. The Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate 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 them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015, on our consideration of Jackson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County, Mississippi's internal control over financial reporting and compliance.



## FINANCIAL STATEMENTS

JACKSON COUNTY, MISSISSIPPI  
Statement of Net Position  
September 30, 2014

Exhibit I

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 64,340,167	\$ 98,213	\$ 64,438,380
Restricted cash	-	115,801	115,801
Property tax receivable	84,340,411	-	84,340,411
Fines receivable (net of allowance for uncollectibles of \$15,682,546)	4,334,002	-	4,334,002
Loans receivable	22,052	-	22,052
Intergovernmental receivables	7,288,767	-	7,288,767
Other receivables	60,989	-	60,989
Prepaid insurance and expenses	802,281	-	802,281
Restricted assets - investments	23,463,319	-	23,463,319
Capital assets:			
Land and construction in progress	46,386,533	28,978	46,415,511
Other capital assets, net	159,652,422	49,987	159,702,409
Total Assets	<u>390,690,943</u>	<u>292,979</u>	<u>390,983,922</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	632,227	-	632,227
Total Deferred Outflows of Resources	<u>632,227</u>	<u>-</u>	<u>632,227</u>
<b>LIABILITIES</b>			
Claims payable	11,247,144	58,210	11,305,354
Intergovernmental payables	1,397,521	-	1,397,521
Accrued interest payable	387,296	-	387,296
Other payables	2,088,485	-	2,088,485
Long-term liabilities			
Other postemployment benefits payable	1,436,158	-	1,436,158
Due within one year:			
Capital debt	5,911,018	-	5,911,018
Non-capital debt	1,226,682	-	1,226,682
Due in more than one year:			
Capital debt	31,812,684	-	31,812,684
Non-capital debt	8,164,998	35,934	8,200,932
Total Liabilities	<u>63,671,986</u>	<u>94,144</u>	<u>63,766,130</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	84,340,411	-	84,340,411
Total Deferred Inflows of Resources	<u>84,340,411</u>	<u>-</u>	<u>84,340,411</u>
<b>NET POSITION</b>			
Net investment in capital assets	168,315,253	78,965	168,394,218
Restricted:			
Expendable:			
Debt service	13,282,404	-	13,282,404
Public safety	2,015,442	114,843	2,130,285
Public works	8,174,514	-	8,174,514
Conservation of natural resources	1,746	-	1,746
Economic development	307,858	-	307,858
Unemployment compensation	59,794	-	59,794
Capital projects	26,168,902	-	26,168,902
Unrestricted	24,984,860	5,027	24,989,887
Total Net Position	<u>\$ 243,310,773</u>	<u>\$ 198,835</u>	<u>\$ 243,509,608</u>

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

JACKSON COUNTY, MISSISSIPPI  
Statement of Activities  
For the Year Ended September 30, 2014

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 35,392,903	4,583,790	1,466,266	-	(29,342,847)		(29,342,847)
Public safety	20,738,294	-	326,587	82,891	(20,328,816)		(20,328,816)
Public works	27,824,085	-	509,894	2,802,415	(24,511,776)		(24,511,776)
Health and welfare	2,481,582	-	42,392	49,860	(2,389,330)		(2,389,330)
Culture and recreation	6,255,309	-	653,018	75,221	(5,527,070)		(5,527,070)
Education	444,772	-	-	-	(444,772)		(444,772)
Conservation of natural resources	308,316	-	99,231	10,500	(198,585)		(198,585)
Economic development and assistance	23,491,587	-	2,997,491	27,114,747	6,620,651		6,620,651
Interest and fiscal charges	2,356,558	-	-	-	(2,356,558)		(2,356,558)
Total Governmental Activities	119,293,406	4,583,790	6,094,879	30,135,634	(78,479,103)		(78,479,103)
Business-type activities:							
Adult detention center canteen fund	40,457	31,326	-	-	(9,131)		(9,131)
Harbor	167,331	179,805	-	-	12,474		12,474
Golf course	753,598	559,220	-	-	(194,378)		(194,378)
Total Business-type Activities	961,386	770,351	-	-	(191,035)		(191,035)
Total Primary Government	120,254,792	5,354,141	6,094,879	30,135,634	(78,479,103)		(78,670,138)
General revenues:							
Property taxes					81,441,905		81,441,905
Road & bridge privileges taxes					1,860,096		1,860,096
Grants and contributions not restricted to specific programs					8,019,788		8,019,788
Unrestricted interest income					671,660	656	672,316
Miscellaneous					3,993,760		3,993,760
Transfers					(232,568)	232,568	-
Total general revenues, and transfers					95,754,641	233,224	95,987,865
Change in Net Position					17,275,538	42,189	17,317,727
Net Position - Beginning, as previously reported					205,276,763	156,646	205,433,409
Prior period adjustments					20,758,472	-	20,758,472
Net Position - Beginning, as restated					226,035,235	156,646	226,191,881
Net Position - Ending					243,310,773	198,835	243,509,608

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

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	CDBG Halter Marine Fund	Correctional Facility Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 24,267,786	\$ 6,813,134	\$ -	\$ -	\$ 30,848,916	\$ 61,929,836
Property tax receivable	51,136,597	15,714,332	-	-	17,489,482	84,340,411
Fines receivable (net of allowance for uncollectable of \$15,682,546)	4,334,002	-	-	-	-	4,334,002
Loans receivable	-	-	-	-	22,052	22,052
Intergovernmental receivables	823,602	-	540,107	-	5,925,058	7,288,767
Other receivables	60,989	-	-	-	-	60,989
Restricted assets - investments	1,037,965	-	-	22,425,354	-	23,463,319
Due from other funds	4,507,776	256,611	-	-	136,243	4,900,630
Advances to other funds	3,688,182	-	-	-	-	3,688,182
<b>Total Assets</b>	<b>89,856,899</b>	<b>22,784,077</b>	<b>540,107</b>	<b>22,425,354</b>	<b>54,421,751</b>	<b>190,028,188</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Claims payable	2,631,894	1,054,835	540,107	949,109	5,829,511	11,005,456
Intergovernmental payables	1,397,521	-	-	-	-	1,397,521
Due to other funds	498,685	-	-	2,581,453	1,926,323	5,006,461
Advances from other funds	-	-	-	-	3,688,182	3,688,182
Other payables	1,982,654	-	-	-	-	1,982,654
<b>Total Liabilities</b>	<b>6,510,754</b>	<b>1,054,835</b>	<b>540,107</b>	<b>3,530,562</b>	<b>11,444,016</b>	<b>23,080,274</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property tax revenue	51,136,597	15,714,332	-	-	17,489,482	84,340,411
Deferred court fine revenue	4,334,002	-	-	-	-	4,334,002
<b>Total deferred inflows of resources</b>	<b>55,470,599</b>	<b>15,714,332</b>	<b>-</b>	<b>-</b>	<b>17,489,482</b>	<b>88,674,413</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Advances	3,688,182	-	-	-	-	3,688,182
Loans receivable	-	-	-	-	22,052	22,052
<b>Restricted for:</b>						
Debt service	-	-	-	-	13,669,700	13,669,700
Capital projects	-	-	-	18,894,792	7,274,111	26,168,903
Tort claims	1,037,965	-	-	-	-	1,037,965
Unemployment compensation	-	-	-	-	59,794	59,794
<b>Committed to:</b>						
Public safety	-	-	-	-	2,015,442	2,015,442
Public works	-	6,014,910	-	-	2,159,604	8,174,514
Conservation of natural resources	-	-	-	-	1,746	1,746
Economic development and assistance	-	-	-	-	285,804	285,804
Unassigned	23,149,399	-	-	-	-	23,149,399
<b>Total Fund Balances</b>	<b>27,875,546</b>	<b>6,014,910</b>	<b>-</b>	<b>18,894,792</b>	<b>25,488,253</b>	<b>78,273,501</b>
<b>Total Liabilities, deferred inflows of resources and Fund Balances</b>	<b>\$ 89,856,899</b>	<b>\$ 22,784,077</b>	<b>\$ 540,107</b>	<b>\$ 22,425,354</b>	<b>\$ 54,421,751</b>	<b>\$ 190,028,188</b>

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

JACKSON COUNTY, MISSISSIPPI  
Reconciliation of Governmental Fund Balance to the Statement of Net Position  
September 30, 2014

Exhibit 3-1

Total funds balance - Governmental Funds	\$ 78,273,501
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 (See Note 9)	206,038,955
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	4,334,002
Long-term liabilities are not due and payable in the current period expenditures and therefore are not reported in the funds	(47,115,382)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds	(1,436,158)
Accrued interest not due and payable in the current period expenditures and, therefore, not reported in the funds	(387,296)
Internal service funds are used by management to charge costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position	2,168,643
Deferred amount on refunding	632,227
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds	<u>802,281</u>
Total Net Position - Governmental Activities	<u>\$ 243,310,773</u>

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

JACKSON COUNTY, MISSISSIPPI  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2014

Exhibit 4

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	CDBG Halter Marine Fund	Correctional Facility Fund	Other Governmental Funds	
<b>REVENUES</b>						
Property taxes	\$ 47,137,377	\$ 15,230,268	\$ -	\$ -	\$ 19,074,260	\$ 81,441,905
Road and bridge privilege taxes	-	1,860,096	-	-	-	1,860,096
Licenses, commissions and other revenue	2,144,841	-	-	-	-	2,144,841
Fines and forfeitures	1,320,229	-	-	-	333,020	1,653,249
Intergovernmental revenues	4,651,371	1,395,010	15,923,977	-	22,279,943	44,250,301
Charges for services	615,069	-	-	-	-	615,069
Interest income	342,931	31,955	-	149,328	132,756	656,970
Miscellaneous revenues	1,169,782	169,111	-	-	2,632,529	3,971,422
<b>Total Revenues</b>	<b>57,381,600</b>	<b>18,686,440</b>	<b>15,923,977</b>	<b>149,328</b>	<b>44,452,508</b>	<b>136,593,853</b>
<b>EXPENDITURES</b>						
Current:						
General government	24,321,747	-	-	-	9,862,709	34,184,456
Public safety	15,723,738	-	-	-	4,056,220	19,779,958
Public works	1,229,163	9,033,336	-	-	13,786,902	24,049,401
Health and welfare	2,436,792	-	-	-	21,530	2,458,322
Culture and recreation	3,408,957	-	-	-	2,058,882	5,467,839
Education	348,181	-	-	-	-	348,181
Conservation of natural resources	294,606	-	-	-	-	294,606
Economic development and assistance	1,558,880	-	15,923,977	-	5,814,409	23,297,266
Debt service:						
Principal	1,252,720	-	-	-	8,323,913	9,576,633
Interest and debt service fees	1,068,629	-	-	-	606,564	1,675,193
Bond issue costs	-	-	-	-	84,826	84,826
Capital outlay	986,196	11,071,962	-	8,944,717	1,303,167	22,306,042
<b>Total Expenditures</b>	<b>52,629,609</b>	<b>20,105,298</b>	<b>15,923,977</b>	<b>8,944,717</b>	<b>45,919,122</b>	<b>143,522,723</b>
<b>Excess of Revenues over/(under) Expenditures</b>	<b>4,751,991</b>	<b>(1,418,858)</b>	<b>-</b>	<b>(8,795,389)</b>	<b>(1,466,614)</b>	<b>(6,928,870)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Refunding bonds issued	-	-	-	-	6,595,000	6,595,000
Proceeds from sale of capital assets	53,403	222,601	-	-	6,794	282,798
Compensation for loss of capital assets	9,173	-	-	-	13,165	22,338
Transfers in	86,036	2,827,987	-	-	2,273,652	5,187,675
Transfers out	(563,994)	(1,771,804)	-	-	(3,084,445)	(5,420,243)
Payment to bond refunding escrow agent-principal	-	-	-	-	(6,015,000)	(6,015,000)
Payment to bond refunding escrow agent-cost of issuance	-	-	-	-	(596,539)	(596,539)
Discount on bonds issued	-	-	-	-	(42,867)	(42,867)
<b>Total Other Financing Sources and Uses</b>	<b>(415,382)</b>	<b>1,278,784</b>	<b>-</b>	<b>-</b>	<b>(850,240)</b>	<b>13,162</b>
<b>Net Changes in Fund Balances</b>	<b>4,336,609</b>	<b>(140,074)</b>	<b>-</b>	<b>(8,795,389)</b>	<b>(2,316,854)</b>	<b>(6,915,708)</b>
Fund Balances - Beginning, as previously reported	24,463,673	6,154,984	-	26,696,288	27,875,374	85,190,319
Prior period adjustments	(924,736)	-	-	993,893	(70,267)	(1,110)
Fund Balances - Beginning, as restated	23,538,937	6,154,984	-	27,690,181	27,805,107	85,189,209
Fund Balances - Ending	\$ 27,875,546	\$ 6,014,910	\$ -	\$ 18,894,792	\$ 25,488,253	\$ 78,273,501

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

JACKSON COUNTY, MISSISSIPPI  
 Reconciliation to the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2014

Exhibit 4-1

Net changes in fund balances -governmental funds \$ (6,915,708)

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. This is the amount by which capital outlays \$22,306,042 exceeded depreciation expense \$6,284,982. 16,021,060

In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$515,650 and the proceeds from the sale of \$282,798 in the current period. (232,852)

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. 170,631

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 \$15,591,633 exceeded debt proceeds of \$6,595,000. 8,996,633

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:

Deferred amortization	563,520
Bond discount	34,294
Bond premium amortization	28,099
Change in accrued interest payable	(544)
Change in compensated absences	40,589
Increase in other post employment benefits payable	(322,684)

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within the governmental activities. (1,036,974)

Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds. (70,526)

Change in net position of governmental activities \$ 17,275,538

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

JACKSON COUNTY, MISSISSIPPI  
Statement of Net Position - Proprietary Funds  
September 30, 2014

Exhibit 5

	Business-type Activites Enterprise Funds	Governmental Activities
	Non-major Funds	Internal Service Fund
<b>ASSETS</b>		
Current assets:		
Cash	\$ 98,213	\$ 2,410,331
Restricted Cash	115,801	-
Total Current Assets	<u>214,014</u>	<u>2,410,331</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress	28,978	-
Other capital assets, net	49,987	-
Total Noncurrent Assets	<u>78,965</u>	<u>-</u>
Total Assets	<u>292,979</u>	<u>2,410,331</u>
<b>LIABILITIES</b>		
Current liabilities		
Claims payable	58,210	241,688
Total Current Liabilities	<u>58,210</u>	<u>241,688</u>
Noncurrent Liabilities		
Non-capital debt:		
Compensated absences payable	35,934	-
Total Noncurrent Liabilities	<u>35,934</u>	<u>-</u>
Total Liabilities	<u>94,144</u>	<u>241,688</u>
<b>NET POSITION</b>		
Net investment in capital assets	78,965	-
Restricted for:		
Inmate canteen supplies	114,843	-
Unrestricted	5,027	2,168,643
Total Net Position	<u>\$ 198,835</u>	<u>\$ 2,168,643</u>

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

JACKSON COUNTY, MISSISSIPPI  
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended September 30, 2014

Exhibit 6

	Business-type Activities Enterprise Funds	Governmental Activities
	<u>Non-major Funds</u>	<u>Internal Service Fund</u>
Operating Revenues		
Sales and charges for services	\$ 770,351	\$ -
Premiums	-	7,410,171
Miscellaneous	-	189,745
Total Operating Revenues	<u>770,351</u>	<u>7,599,916</u>
Operating Expenses		
Personal services	594,579	-
Contractual services	147,178	-
Materials and supplies	204,725	-
Depreciation expense	10,472	-
Claims payments	-	7,956,123
Administrative	-	163,261
Insurance premiums	-	532,196
Total Operating Expenses	<u>956,954</u>	<u>8,651,580</u>
Operating Income (Loss)	(186,603)	(1,051,664)
Nonoperating Revenues (Expenses)		
Interest Income	656	14,690
Loss on sale of assets	(4,432)	-
Net Nonoperating Revenue (Expenses)	<u>(3,776)</u>	<u>14,690</u>
Net Income (Loss) Before Transfers	(190,379)	(1,036,974)
Transfers in	<u>232,568</u>	<u>-</u>
Changes in Net Position	42,189	(1,036,974)
Net Position - Beginning	<u>156,646</u>	<u>3,205,617</u>
Net Position - Ending	<u>\$ 198,835</u>	<u>\$ 2,168,643</u>

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

JACKSON COUNTY, MISSISSIPPI  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2014

Exhibit 7

	Business-type Activites Enterprise Funds	Governmental Activities
	Non-major Funds	Self-insurance Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 770,351	\$ -
Receipts for premiums	-	7,410,171
Payments to suppliers	(333,468)	-
Payments to employees	(603,094)	-
Payments for claims	-	(7,186,438)
Payments for insurance premiums	-	(1,917,390)
Other operating cash receipts	-	189,745
Net Cash Provided (Used) by Operating Activities	<u>(166,211)</u>	<u>(1,503,912)</u>
Cash Flows From Non Capital Financing Activities		
Cash received from other funds:		
Operating transfers in	<u>232,568</u>	-
Net Cash Provided (Used) by NonCapital Financing Activites	<u>232,568</u>	-
Cash Flows from Capital and Related Financing Activities		
Capitall Expenditures	<u>(55,067)</u>	-
Net Cash Provided by (Used by) Capital and Related Financing Activities	<u>(55,067)</u>	-
Cash Flows from Investing Activities		
Interest on deposits	<u>656</u>	<u>14,690</u>
Net Cash Provided (Used) by Noncapital Investing Activities	<u>656</u>	<u>14,690</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,946	(1,489,222)
Cash and Cash Equivalents at Beginning of Year	<u>202,068</u>	<u>3,899,553</u>
Cash and Cash Equivalents at End of Year	<u>\$ 214,014</u>	<u>\$ 2,410,331</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (186,603)</u>	<u>\$ (1,051,664)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	10,472	-
Changes in assets and liabilities:		
Increase (decrease) in claims payable	18,435	(452,248)
Increase (decrease) in compensated adsenses liability	<u>(8,515)</u>	<u>-</u>
Total Adjustments	<u>20,392</u>	<u>(452,248)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (166,211)</u>	<u>\$ (1,503,912)</u>

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

JACKSON COUNTY, MISSISSIPPI  
Statement of Fiduciary Assets and Liabilities  
September 30, 2014

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 1,377,428
Due from other funds	<u>105,831</u>
Total Assets	<u>\$ 1,483,259</u>
<b>LIABILITIES</b>	
<b>Liabilities:</b>	
Intergovernmental payables	<u>\$ 1,483,259</u>
Total Liabilities	<u>\$ 1,483,259</u>

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

NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity.

Jackson 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 Jackson 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 conformity with accounting principles generally accepted in the United States of America.

- Singing River Mental Health/Mental Retardation Services
- Jackson-George Regional Library System
- Jackson County Port Authority
- Gulf Park Estates – St. Andrews Fire District
- Singing River Hospital System
- West Jackson County Utility District
- Jackson County Emergency Communications 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
- Tax Collector
- Sheriff
- 

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

The 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 and business-type activities. Direct expenses are those that are specifically associated with a

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies (continued)

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, 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements:**

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

C. Measurement Focus and Basis of Accounting.

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

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. 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 non-operating.

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 and report all financial resources not accounted for and reported in another fund.

Road Fund - This fund is used to account for revenues from specific revenue sources that are restricted for construction and maintenance of the County's roads.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(I) Summary of Significant Accounting Policies (continued)

CDBG Halter Marine Fund – This fund is used to account for grant funds used to demolish and reconfigure the bulkhead structure to allow for the installation of a dry dock basin at VT Halter Marine.

Correctional Facility Fund – This fund is used to account for the construction of the County’s correctional facility.

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.

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County’s internal service fund reports on self-insurance programs for employee medical benefits.

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, 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.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies (continued)

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Government Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

I. Restricted Assets.

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

J. 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.

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.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies (continued)

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 statements. 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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
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.

K. Deferred Outflows/Inflows of Resources.

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

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

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

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

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

L. Long-term Liabilities.

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

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies (continued)

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.

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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 compromise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies (continued)

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

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

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972).

*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 the unassigned amounts.

N. Property Tax Revenues.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. 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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies (continued)

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. Compensated Absences.

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

(2) Changes in Accounting Standards

The County implemented GASB 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

(3) Prior Period Adjustments

A summary of significant fund equity adjustments are as follows:

<u>Explanation</u>	<u>Amount</u>
To Remove bond issuance cost	\$ (260,439)
To remove accrued interest	136,341
Net effect of prior year errors in revenues and expenses	(1,110)
To correct balances in capital assets	<u>20,883,680</u>
Total prior period adjustments	<u>\$ 20,758,472</u>

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

<u>Explanation</u>	<u>Amount</u>
Net effect of prior year errors in revenues and expenses	<u>\$ (1,110)</u>
Total prior period adjustments	<u>\$ (1,110)</u>

(4) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2014, was \$65,931,609 and the bank balance was \$69,822,532. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(4) Deposits and Investments (continued)

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. However, the Mississippi State Treasurer manages that risk on behalf of the County. 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.

Investments:

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

As of September 30, 2014, investment balances and maturities for the Jackson County Tort Claims Trust are as follows:

	<u>&lt;1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>&gt;10 years</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizons*	\$ 52,664	\$ -	\$ -	\$ -	\$ 52,664	AAAm
GNMA Pools	-	3,567	3,917	210,483	217,967	AAA
U.S. Treasury Notes	<u>157,535</u>	<u>555,295</u>	<u>54,504</u>	<u>-</u>	<u>767,334</u>	AAA
Total	<u>\$ 210,199</u>	<u>\$ 558,862</u>	<u>\$ 58,421</u>	<u>\$ 210,483</u>	<u>\$1,037,965</u>	

\*Hancock Horizons Treasury Securities Money Market Mutual Fund

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

As of September 30, 2014, investment balances and maturities for the Jackson County Correctional Facility Fund are as follows:

	<u>&lt;1 year</u>	<u>6-10 years</u>	<u>&gt;10 years</u>	<u>Fair Value</u>	<u>Rating</u>
Federated Prime Cash Obligation	\$ 161,805	\$ -	\$ -	\$ 161,805	AAA
FHLB/FNMA	<u>22,263,549</u>	<u>-</u>	<u>-</u>	<u>22,263,549</u>	AAA
Total	<u>\$22,425,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$22,425,354</u>	

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

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

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. The investments in the Hancock Horizon Treasury Securities Money Market Mutual Fund are uninsured and unregistered and are not backed by the full faith and credit of the federal government. The investments in the U.S. Treasury Notes were held by the investment's counter party (trustee) not in the name of the County.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
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(5) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2014:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Correctional Facility Fund	\$ 2,581,453
General Fund	Other Governmental Funds	1,926,323
Road Fund	General Fund	256,611
Other Governmental Funds	General Fund	136,243
Agency Funds	General Fund	105,831
Total		<u>\$ 5,006,461</u>

The receivables represent the tax revenue collected, but not settled until October 2014. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,688,182
Total		<u>\$ 3,688,182</u>

Advances from the other governmental funds represent loans made to funds in the anticipation of grant receipts.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 86,036
Road Fund	General Fund	27,987
Road Fund	Other Governmental Funds	2,800,000
Other Governmental Funds	General Fund	336,007
Other Governmental Funds	Road Fund	1,771,804
Other Governmental Funds	Other Governmental Funds	165,841
Enterprise Fund	General Fund	200,000
Enterprise Fund	Other Governmental Funds	32,568
Total		<u>\$ 5,420,243</u>

The principal purpose of interfund transfers was to provide funds for grant matches or for cash flow purposes. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(6) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2014, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 807,169
Community development block grants/states program (R-103-030-05-KED)	1,655,648
Community development block grants/states program (R-103-030-08-KED)	782,851
Community development block grants/states program (R-103-030-09-KED)	540,107
Community development block grants/states program (R-103-030-10-KED)	23,509
Department of the interior - CIAP	535,382
Disaster grants - public assistance 1794-DR-MS	115,222
Hazard Mitigation	256,334
EMPG grant	16,433
EPA industrial water	2,541,262
Occupant protection enforcement grant	14,850
Total	<u>\$ 7,288,767</u>

(7) Loans Receivable

Loans receivable consist of economic development revolving loan funds. The balances at September 30, 2014, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Sandco Industries*	10/1/1991	4.00%	11/4/2004	\$ 50,000
Bayou Blend*	9/22/1994	4.00%	9/1/1999	86,254
Lagniappe House	12/2/1997	4.00%	2/1/2017	22,052
Total				158,306
Less: Allowance for doubtful accounts*				(136,254)
Total (Net of allowance for doubtful accounts)				<u>\$ 22,052</u>

(8) Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Inmate canteen supplies	<u>\$ 114,843</u>
Total restricted assets	<u>\$ 114,843</u>

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(9) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2014:

Governmental Activities

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments*	Balance Sept. 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 12,845,197	\$ 322,825	\$ -	\$ 2,052,953	\$ 15,220,975
Construction in Progress	10,896,148	15,020,407	-	5,249,003	31,165,558
Total non-depreciable capital assets	<u>23,741,345</u>	<u>15,343,232</u>	<u>-</u>	<u>7,301,956</u>	<u>46,386,533</u>
<u>Depreciable capital assets:</u>					
Infrastructure	172,978,686	5,830,696	-	3,015,654	181,825,036
Buildings	67,588,766	-	(71,886)	1,807,020	69,323,900
Improvements other than buildings	5,760,281	-	-	3,183,115	8,943,396
Mobile equipment	23,117,229	787,531	(1,502,982)	7,724,739	30,126,517
Furniture and equipment	5,741,619	344,583	(321,388)	15,666	5,780,480
Leased property under capital leases	361,413	-	-	853,258	1,214,671
Total depreciable capital assets	<u>275,547,994</u>	<u>6,962,810</u>	<u>(1,896,256)</u>	<u>16,599,452</u>	<u>297,214,000</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	88,554,908	2,316,832	-	2,061,016	92,932,756
Buildings	15,588,696	1,208,346	(12,951)	22,041	16,806,132
Improvements other than buildings	5,015,325	978,120	-	38,395	6,031,840
Mobile equipment	15,832,574	1,512,629	(1,352,689)	763,233	16,755,747
Furniture and equipment	4,800,657	269,055	(297,764)	285	4,772,233
Leased property under capital leases	130,112	-	-	132,758	262,870
Total accumulated depreciation capital assets	<u>129,922,272</u>	<u>6,284,982</u>	<u>(1,663,404)</u>	<u>3,017,728</u>	<u>137,561,578</u>
Total depreciable capital assets, net	<u>145,625,722</u>	<u>677,828</u>	<u>(232,852)</u>	<u>13,581,724</u>	<u>159,652,422</u>
Governmental activities capital assets, net	<u>\$169,367,067</u>	<u>\$ 16,021,060</u>	<u>\$ (232,852)</u>	<u>\$ 20,883,680</u>	<u>\$206,038,955</u>

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(9) Capital Assets (continued)

Business-type Activities

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments*	Balance Sept. 30, 2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,478	\$ -	\$ -	\$ -	\$ 6,478
Construction in Progress	-	22,500	-	-	22,500
Total non-depreciable capital assets	<u>6,478</u>	<u>22,500</u>	<u>-</u>	<u>-</u>	<u>28,978</u>
<u>Depreciable capital assets:</u>					
Mobile equipment	118,264	32,567	(44,314)	-	106,517
Furniture and equipment	113,220	-	-	-	113,220
Total depreciable capital assets	<u>231,484</u>	<u>32,567</u>	<u>(44,314)</u>	<u>-</u>	<u>219,737</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	106,434	5,863	(39,882)	-	72,415
Furniture and equipment	92,726	4,609	-	-	97,335
Total accumulated depreciation capital assets	<u>199,160</u>	<u>10,472</u>	<u>(39,882)</u>	<u>-</u>	<u>169,750</u>
Total depreciable capital assets, net	<u>32,324</u>	<u>22,095</u>	<u>(4,432)</u>	<u>-</u>	<u>49,987</u>
Business-type activities capital assets, net	<u>\$ 38,802</u>	<u>\$ 44,595</u>	<u>\$ (4,432)</u>	<u>\$ -</u>	<u>\$ 78,965</u>

\*Adjustments are to transfer completed projects and to adjust capital asset records.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(9) Capital Assets (continued)

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 1,389,655
Public safety	669,707
Public works	3,467,630
Health and welfare	17,913
Culture and recreation	722,921
Conservation of Natural Resources	1,614
Economic development and assistance	15,542
Total governmental activities depreciation expense	\$ 6,284,982
Business-type activities:	
Adult detention center canteen fund	\$ 4,609
Golf course	5,863
Total business-type activities depreciation expense	\$ 10,472

Commitments with respect to unfinished capital projects as September 30, 2014, consisted of the following:

Courthouse Improvements	\$ 6,060	
McKinnis Boat Launch	19,947	Oct-14
Franklin Creek Walking Track	2,445	Oct-14
Spanish Fort Boat Launch Phase II	2,720	Dec-14
Soccer Expansions	22,099	Dec-14
Vancleave Park Splash Pad	52,832	Dec-14
Octavia, Ft. Bayou & Lake Mars Boat Launch	490,623	January 2015
Old Spanish Trail/Hwy 57	25,833	January 2015
Various Recreation Improvements	57,737	February 2015
Money Farm/Walker Rd Phase 1	250,000	March 2015
Beachview Drive	72,000	April 2015
Air Field Sweeper	193,202	April 2015
Adult Detention Center	19,172,417	Jun-15
Jackson County Fairground Bldg	1,475,000	Oct-15
RV Park Improvements	230,587	Dec-15
Old Ft. Bayou Road	2,145,101	Mar-16
St. Martin Soccer Field	545,793	Jun-16

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(10) Claims and Judgments

Risk Financing.

Workers Compensation Benefits.

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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Health and Life Benefits.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 1990 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Each participating public entity, including Jackson County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$125,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2014, the amount of these liabilities was \$241,688. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012 – 2013	\$ 227,011	\$ 6,985,021	\$ 6,518,096	\$ 693,936
2013 – 2014	693,936	7,956,123	8,408,371	241,688

Tort Liability

The County has chosen to manage tort claims through the retention of liability exposure up to \$250,000 per occurrence in accordance with Section 11-46-17, Miss. Code Ann. (1972). Jackson County has submitted its annual plan of coverage against exposure to the risk of tort claims to the Mississippi Tort Claims Board and has received approval for its plan of coverage from the Tort Claims Board. Jackson County also purchases commercial insurance protection for coverage in excess of the retention amount noted above.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(11) Operating Leases

As Lessee:

The County has entered into certain operating leases for equipment and real property which do not give rise to property rights. Maturity dates range from June 2015 through May 2019. Real property leased for the sheriff's substation is renewed in five year intervals; real property leased for the harbor is renewed in ten year intervals. Historically equipment leased by the County is returned after the initial lease term. Total costs for such leases were \$361,191 for the fiscal year ended September 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2015	\$ 259,330
2016	13,987
2017	11,546
2018	6,780
2019	6,780
	<u>\$ 298,423</u>

(12) Capital Leases

The County is obligated for the following capital assets with varying terms and options acquired through capital leases as of September 30, 2014:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Furniture and equipment	\$ 723,571
Mobile equipment	491,100
Total	1,214,671
Less Accumulated depreciation	(262,870)
Leased property under capital leases	<u>\$ 951,801</u>

The following is a schedule by years of the future total payments due as of September 30, 2014:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 191,833	\$ 4,805
	<u>\$ 191,833</u>	<u>\$ 4,805</u>

(13) Other postemployment Benefits

Plan Description

The Jackson County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Jackson 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).

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(13) Other postemployment Benefits (continued)

Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. Effective October 1, 2009, the County implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2014, retiree premiums range from \$799 to \$1,049 depending on dependent coverage and Medicare eligibility.

Actuarial Valuation

The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2013. The plan presently has an actuarial valuation performed biannually in order to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC was determined assuming the plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$373,531 is 1.54 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for the most recent actuarial valuation prepared as of October 1, 2013:

Annual required contribution	\$ 373,531
Interest on prior year net OPEB obligation	50,106
Adjustment to annual required contribution	<u>(56,249)</u>
Annual OPEB cost	367,388
Contribution made	<u>(44,704)</u>
Increase in net OPEB obligation	322,684
Net OPEB obligation - Beginning of year	<u>1,113,474</u>
Net OPEB obligation - End of year	<u><u>\$ 1,436,158</u></u>

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
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(13) Other postemployment Benefits (continued)

The following table provides the County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation based on the most recent actuarial valuation:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-2014	\$ 367,388	12.20%	\$ 1,436,158

Funding Status and Funding Progress.

The following table provides funding information for the most recent actuarial valuation date:

Actuarial Valuation Date	October 1, 2013
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL) Entry Age Normal	\$ 2,506,124
Unfunded AAL (UAAL)	\$ 2,506,124
Funded Ratio	0.00%
Annual Covered Payroll	\$ 24,326,330
UAAL as a Percentage of Annual Covered Payroll	10.30%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial Valuation Date	October 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed basis
Remaining amortization period	30 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate on return*	6.00%
Projected salary increases**	2.00%
Healthcare cost trend rate*	11.00%
Ultimate trend rate	6.00%
Year of ultimate trend rate	2024
*Includes inflation at	0.00%
**Includes wage inflation at	2.00%

JACKSON COUNTY, MISSISSIPPI  
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(14) Long-term Debt

Debt outstanding as of September 30, 2014, consisted of the following:

	Amount Outstanding	Interest Rate	Final Maturity Date
<b>A. General Obligation Bonds:</b>			
Northrop Grumman, Series 2005A	\$ 825,000	1.15-5.10%	June 2015
Moss Point Industrial Park refunding, Series 2005B	210,000	3.94-5.04%	June 2015
Road improvements	2,680,000	3.00-5.00%	Dec 2016
Series 2011A refunding	790,000	2.00-4.00%	Dec 2014
Series 2011B refunding	1,855,000	2.00-3.50%	May 2018
Series 2013 refunding	6,525,000	.50-2.80%	June 2020
Total General Obligation Bonds	<u>\$ 12,885,000</u>		
<b>B. Limited Obligation Bonds:</b>			
Certificates of Participation, (Correctional Facility)	<u>\$ 27,540,000</u>	3.50%	July 2032
<b>C. Capital Leases</b>			
Fort Bayou fire truck	\$ 9,733	4.22%	Dec 2014
Catepillar truck	40,294	3.00%	May 2015
Network software	141,806	3.00%	July 2015
Total Capital Leases	<u>\$ 191,833</u>		
<b>D. Other Loans</b>			
Fort Bayou fire department	\$ 127,119	5.26%	Jan 2017
Forts Lake/Franklin Creek VFD	107,593	4.26%	March 2017
Latimer VFD	9,766	4.25%	July 2018
2010A - general obligation note	1,938,875	2.57%	March 2015
General obligation note, series 2012	1,830,000	2.57%	April 2017
MDA Freight Rail loan	761,109	0-1.00%	March 2026
Total Other Loans	<u>\$ 4,774,462</u>		

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(14) Long-term Debt (continued)

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		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 3,165,000	\$ 654,253	\$ 1,075,000	\$ 1,019,412
2016	2,465,000	244,462	1,120,000	976,413
2017	2,880,000	174,931	1,165,000	931,612
2018	1,755,000	111,243	1,210,000	885,012
2019	1,295,000	69,475	1,260,000	836,612
2020-2024	1,325,000	37,100	7,260,000	3,232,163
2025-2029	-	-	8,580,000	1,904,350
2030-2034	-	-	5,870,000	415,625
Total	<u>\$ 12,885,000</u>	<u>\$ 1,291,464</u>	<u>\$ 27,540,000</u>	<u>\$ 10,201,199</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2015	\$ 2,705,867	\$ 66,987
2016	771,625	26,641
2017	735,862	11,661
2018	66,667	-
2019	66,667	-
2020-2024	333,335	-
2025-2029	94,439	-
Total	<u>\$ 4,774,462</u>	<u>\$ 105,289</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 County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2014, the amount of outstanding debt was equal to .94% of the latest property assessments.

Certificates of Participation – In accordance with Section -31-8-1et seq. Mississippi Code Ann., (1972), the County issued Certificates of Participation and transferred the proceeds to the Jackson County Governmental Facilities Corporation. The funds are to be used to construct a County Jail Complex. At completion, the Corporation will enter into a twenty year lease with the County. The County is obligated to pay the principal and interest on the debt. At the completion of the lease, the County will assume ownership of the facility. This obligation is not a general obligation and does not constitute a pledge of full faith and credit of the County.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(14) Long-term Debt (continued)

Advance refunding of debt -- On November 21, 2013 the County issued \$6,595,000 in general obligation refunding bonds with an average interest rate of 1.6% to advance refund \$6,015,000 of the following outstanding bond issues:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
Northrop Grumman, Series 2005A	5.00%	\$4,805,000
Moss Point Industrial Park Series 2005B	5.00%	\$1,210,000

The Series 2005A and 2005B had an outstanding balance of \$7,050,000 at the time of refunding, but only \$6,015,000 of the bonds were refunded, leaving a remaining principal balance of \$1,035,000 which is scheduled to be paid June 2015.

The net proceeds of \$6,483,846 (after payment of \$127,693 in underwriting fees and other issuance costs) were issued to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed for the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 12 years by almost \$245,983 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$86,539.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance			Balance	Amount due
	Oct. 1, 2013	Additions	Reductions	Sept. 30, 2014	within one year
<b>Governmental Activities:</b>					
Compensated absences	\$ 1,750,428	\$ -	\$ (40,589)	\$ 1,709,839	\$ -
General obligation bonds	17,605,000	6,595,000	(11,315,000)	12,885,000	3,165,000
Add:					
Premiums, Net	76,641	-	(28,099)	48,542	-
Less:					
Discount	-	(42,868)	8,574	(34,294)	-
Limited obligation bonds	28,585,000	-	(1,045,000)	27,540,000	1,075,000
Capital Leases	418,421	-	(226,588)	191,833	191,833
Other loans	7,779,507	-	(3,005,045)	4,774,462	2,705,867
Total	<u>\$ 56,214,997</u>	<u>\$ 6,552,132</u>	<u>\$ (15,651,747)</u>	<u>\$ 47,115,382</u>	<u>\$ 7,137,700</u>

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

Business-Type Activities compensated absences had a balance of \$35,934 for the year ended September 30, 2014.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(15) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2014:

Fund	Deficit Amount
EMSOF Fund	\$ (6,353)
Hurricane Katrina Fund	(3,437,424)
Hurricane Gustav Fund	(502,584)
Hurricane Isaac Fund	(895,337)
McInnis Boat Ramp	(40,497)
Tideland Fund	(284,892)
CIAP Fund	(97,240)

These deficit balances are mainly the result of cost matching and disbursement of loans to other funds.

(16) 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 conditions of the County.

The County has been named as a defendant in various lawsuits seeking unspecified damages for incidents involving the Sheriff’s Department. The County has excess liability insurance coverage that it believes would cover any judgment against the County up to a limit of \$1,000,000. The policy has a \$250,000 self-insured retention. No provision has been made in the accompanying financial statements for this contingent liability since the amount of the potential loss, if any, cannot be reasonably estimated.

Hospital Revenue Bond and Note Contingencies – The County issues revenue bonds and notes with maturities ranging from July 1, 2023 through July 1, 2036, to provide funds for constructing and improving capital facilities of the Singing River Hospital. Revenue bonds and notes are reported as a liability of the hospital because such debt is payable primarily from the hospital’s pledged revenues. However, the County remains contingently liable for the retirement of these bonds and notes because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds and notes outstanding at September 30, 2014, is \$100,671,633.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(17) No Commitment Debt (Not Included in Financial Statements)

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

Description	Balance at Sept. 30, 2014
Industrial revenue bonds and notes	\$ 36,840,000

(18) Segment Information for Enterprise Funds

The County maintains three enterprise funds, which provide recreation and community services, rental services and food services. Summary financial information for each enterprise fund is presented for the year ended September 30, 2014.

Condensed Statement of Net Position:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Current assets	\$ 115,801	\$ 64,730	\$ 33,483	\$ 214,014
Capital assets	6,075	7,704	65,186	78,965
Total Assets	<u>121,876</u>	<u>72,434</u>	<u>98,669</u>	<u>292,979</u>
Current Liabilities	958	7,491	49,761	58,210
Noncurrent liabilities	-	893	35,041	35,934
Total Liabilities	<u>958</u>	<u>8,384</u>	<u>84,802</u>	<u>94,144</u>
Net position:				
Net investment				
in capital assets	6,075	7,704	65,186	78,965
Restricted	114,843	-	-	114,843
Unrestricted	-	56,346	(51,319)	5,027
Total Net Position	<u>\$ 120,918</u>	<u>\$ 64,050</u>	<u>\$ 13,867</u>	<u>\$ 198,835</u>

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(18) Segment Information for Enterprise Funds (continued)

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Operating revenues	\$ 31,326	\$ 179,805	\$ 559,220	\$ 770,351
Operating expenses	(35,848)	(167,331)	(743,303)	(946,482)
Depreciation expense	(4,609)	-	(5,863)	(10,472)
Operating Income (Loss)	(9,131)	12,474	(189,946)	(186,603)
Interest Income	482	-	174	656
Loss on sale of assets	-	-	(4,432)	(4,432)
Transfers in	-	-	232,568	232,568
Change in Net Position	(8,649)	12,474	38,364	42,189
Net Position - Beginning	129,567	51,576	(24,497)	156,646
Net Position - Ending	\$ 120,918	\$ 64,050	\$ 13,867	\$ 198,835

Condensed Statement of Cash Flows:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Net cash provided (used) by:				
Operating activities	\$ (6,465)	\$ 646	\$ (160,392)	\$ (166,211)
Capital financing activities	-	-	(55,067)	(55,067)
Noncapital financing activities	-	-	232,568	232,568
Investing activities	482	-	174	656
Net increase (decrease) in cash	(5,983)	646	17,283	11,946
Cash - Beginning of Year	121,785	64,084	16,199	202,068
Cash - End of Year	\$ 115,802	\$ 64,730	\$ 33,482	\$ 214,014

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(19) 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 governing body is a 27-member board of directors, one appointed by the Board of Supervisors of each member County, one from each of the six participating cities and six appointed at large by minority members. The County appropriated \$34,917 for support of Southern Mississippi Planning and Development District in fiscal year 2014.

Jackson County Civic Action is jointly governed by various public entities, as well as by certain corporations and civic groups. The Jackson County Board of Supervisors appoints two of the 15 members of the board of directors. The County appropriated \$188,000 for support of the Jackson County Civic Action in fiscal year 2014.

Jackson County Economic Development Foundation is jointly governed by various public entities, as well as by certain corporations. The Jackson County Board of Supervisors appoints two of the 16 members of the board of directors. The County appropriated \$326,000 for support of the Jackson County Economic Development Foundation in fiscal year 2014.

Gulf Regional Planning and Development District operates in a district composed of the Counties of Hancock, Harrison and Jackson. The governing body is a nine-member board of directors; three appointed by the Board of Supervisors of each member County. The County appropriated \$30,835 for support of Gulf Regional Planning and Development District in fiscal year 2014.

Harrison-Jackson County Emergency Medical Service District operates in a district composed of the Counties of Harrison and Jackson and the Cities of Biloxi, Gulfport and Ocean Springs. The district's board is composed of five members, one appointed by each government. The County provided no financial support to Harrison-Jackson County Emergency Medical Service District in fiscal year 2014.

LaPointe-Krebs Foundation is jointly governed by Jackson County, the City of Pascagoula and Jackson County Historical and Genealogical Society. The Jackson County Board of Supervisors appoints two of the 5 members of the board of directors. The County provided no financial support to the LaPointe-Krebs Foundation in fiscal year 2014.

Mississippi Gulf Coast Community College operates in a district composed of the Counties of George, Harrison, Jackson and Stone. The college's board of trustees is composed of 23 members; three each appointed by George and Stone counties, eight each appointed by Harrison and Jackson counties, and one appointed at large. The County appropriated \$8,052,112 for maintenance and support of the college in the fiscal year 2014.

Mississippi Regional Housing Authority IV 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.

JACKSON COUNTY, MISSISSIPPI  
Notes to the Financial Statements  
For the Year Ended September 30, 2014

(20) Defined Benefit Pension Plan

Plan Description. Jackson 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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The current employer's rate is 15.75% of annual covered payroll. The contribution requirements of PERS members 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, 2014, 2013 and 2012 were \$4,374,610, \$4,010,792, and \$3,419,948 respectively, equal to the required contributions for each year.

(21) 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 Jackson County evaluated the activity of the County through September 22, 2015, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred and require disclosure in the notes to the financial statements:

The County entered into the following transactions subsequent to September 30, 2014:

A 3% salary increase was approved for all County employees.

Awarded bid for Hurricane Isaac channel restoration project in the amount of \$2,888,944.

The County will adopt *GASB No. 68, Accounting and Financial Reporting for Pensions* which is effective for fiscal years beginning after June 15, 2014. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. The County will also adopt *GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which will be applied simultaneously with GASB No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 45,851,970	\$ 47,142,769	\$ 47,107,981	\$ (34,788)
Licenses, commissions and other revenue	2,193,000	2,144,348	2,144,348	-
Fines and forfeitures	1,429,575	1,447,782	1,447,782	-
Intergovernmental revenues	4,297,732	4,683,777	4,683,777	-
Charges for services	673,000	626,165	626,165	-
Interest income	136,663	345,099	345,099	-
Miscellaneous revenues	<u>1,083,987</u>	<u>1,191,193</u>	<u>1,170,020</u>	<u>(21,173)</u>
Total Revenues	<u>55,665,927</u>	<u>57,581,133</u>	<u>57,525,172</u>	<u>(55,961)</u>
<b>EXPENDITURES</b>				
Current:				
General government	29,405,850	24,117,677	24,117,677	-
Public safety	19,640,017	15,619,315	15,619,315	-
Public works	2,958,004	1,259,253	1,259,253	-
Health and welfare	2,718,449	2,426,022	2,426,022	-
Culture and recreation	3,578,539	3,344,660	3,344,660	-
Education	341,511	347,183	347,183	-
Conservation of natural resources	327,618	288,328	288,328	-
Economic development and assistance	1,822,714	1,495,790	1,495,790	-
Debt service:				
Principal	-	1,252,720	1,252,720	-
Interest and debt service fees	-	1,068,629	1,068,629	-
Capital outlay	-	960,219	960,219	-
Total Expenditures	<u>60,792,702</u>	<u>52,179,796</u>	<u>52,179,796</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(5,126,775)</u>	<u>5,401,337</u>	<u>5,345,376</u>	<u>(55,961)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,000	53,403	53,403	-
Compensation for loss of capital assets	-	9,173	9,173	-
Transfers in	500,000	86,036	86,036	-
Transfers out	<u>(327,987)</u>	<u>(434,289)</u>	<u>(434,289)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>173,013</u>	<u>(285,677)</u>	<u>(285,677)</u>	<u>-</u>
Net Change in Fund Balance	(4,953,762)	5,115,660	5,059,699	(55,961)
Fund Balances - Beginning	<u>(6,362,328)</u>	<u>10,590,930</u>	<u>25,640,502</u>	<u>15,049,572</u>
Prior period adjustments	-	-	(924,736)	(924,736)
Fund Balances - Ending	<u>\$ (11,316,090)</u>	<u>\$ 15,706,590</u>	<u>\$ 29,775,465</u>	<u>\$ 14,068,875</u>

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

JACKSON COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Road Fund  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 14,980,627	\$ 15,228,480	\$ 15,228,480	\$ -
Road and bridge privilege taxes	1,650,000	1,854,125	1,854,125	-
Intergovernmental revenues	1,114,000	1,395,010	1,395,010	-
Interest income	-	31,955	31,955	-
Miscellaneous revenues	<u>70,000</u>	<u>169,109</u>	<u>169,109</u>	-
Total Revenues	<u>17,814,627</u>	<u>18,678,679</u>	<u>18,678,679</u>	-
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public works	23,979,095	9,104,530	9,104,530	-
Capital outlay	<u>-</u>	<u>11,071,962</u>	<u>11,071,962</u>	-
Total Expenditures	<u>23,979,095</u>	<u>20,176,492</u>	<u>20,176,492</u>	-
Excess of Revenues over (under) Expenditures	<u>(6,164,468)</u>	<u>(1,497,813)</u>	<u>(1,497,813)</u>	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	222,601	222,601	-
Transfers in	1,675,000	2,827,987	2,827,987	-
Transfers out	<u>(1,771,804)</u>	<u>(1,771,804)</u>	<u>(1,771,804)</u>	-
Total Other Financing Sources and Uses	<u>(96,804)</u>	<u>1,278,784</u>	<u>1,278,784</u>	-
Net Change in Fund Balance	(6,261,272)	(219,029)	(219,029)	-
Fund Balances - Beginning	<u>(7,290,692)</u>	<u>3,837,609</u>	<u>6,817,395</u>	<u>2,979,786</u>
Fund Balances - Ending	<u>\$ (13,551,964)</u>	<u>\$ 3,618,580</u>	<u>\$ 6,598,366</u>	<u>\$ 2,979,786</u>

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

JACKSON COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 CDBG Halter Marine Fund  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ 15,377,683	\$ 17,197,418	\$ 17,197,418	\$ -
Total Revenues	<u>15,377,683</u>	<u>17,197,418</u>	<u>17,197,418</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Economic development and assistance	14,687,983	17,197,418	17,197,418	-
Total Expenditures	<u>14,687,983</u>	<u>17,197,418</u>	<u>17,197,418</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>689,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>689,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 689,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

JACKSON COUNTY  
 Schedule of Funding Progress - Other Postemployment Benefits  
 September 30, 2014

<u>Actuarial Valuation Date</u>	<u>Fiscal Year</u>	<u>Actuarial Value of Plann Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Percent Funded (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded AAL as a Percentage of Annual Covered payroll ((b-a)/c)</u>
October 1, 2013	September 30, 2014	\$ -	\$ 2,506,124	\$ 2,506,124	0%	\$ 24,326,330	9.3%
October 1, 2013	September 30, 2013	-	2,210,652	2,210,652	0%	23,849,343	9.3%
July 1, 2010	September 30, 2010	-	1,331,981	1,331,981	0%	21,070,951	6.3%

JACKSON COUNTY  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2014

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Road Fund	CDBG Halter Marine
Budget (Cash Basis)	\$ 5,059,699	\$ (219,029)	\$ -
Increase (Decrease)			
Net adjustments for revenue accruals	(143,535)	7,759	1,273,441
Net adjustments for expenditure accruals	(579,555)	71,196	(1,273,441)
GAAP Basis	<u>\$ 4,336,609</u>	<u>\$ (140,074)</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

JACKSON COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-Through the Mississippi Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 5,899
National School Lunch Program	10.555	N/A	9,215
Total Child Nutrition Cluster			<u>15,114</u>
Passed-Through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665	N/A	<u>57,040</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>72,154</u></b>
U.S. Department of Housing and Urban Development			
Passed-through the Mississippi Development Authority			
Community Development Block Grants/State's Program*	14.228	R-103-030-05-KED	8,335,504
Community Development Block Grants/State's Program*	14.228	R-103-030-06-KED	876,557
Community Development Block Grants/State's Program*	14.228	R-103-030-08-KED	1,651,091
Community Development Block Grants/State's Program*	14.228	R-103-030-09-KED	15,923,979
Community Development Block Grants/State's Program*	14.228	R-103-030-10-KED	<u>71,282</u>
Subtotal			26,858,413
Economic Development Initiative - Special Project Division (Direct Award)	14.251	B-09-SP-MS-0275	<u>14,280</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>26,872,693</u></b>
U.S. Department of the Interior/Fish and Wildlife Service			
Passed-through the Mississippi Department of Marine Resources			
McInnis Bayou Boat Ramp Refurbishment	15.605	F-150-B-1	81,139
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS.30.701	774,144
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS.30.703	343,898
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS.30.704	10,800
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS.30.705	225,135
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS.30.706	3,400
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS 30.712	326,253
Coastal Impact Assistance Program (Direct Award) (Note B)*	15.668	MS 30.713	1,052,217
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.716	73,745
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.719	<u>179,860</u>
Subtotal			2,989,452
U.S. Department of the Interior/Office of Natural Resources			
Gulf of Mexico Energy Security Act of 2006 (Direct Award)	15.435	N/A	<u>99,231</u>
<b>Total U.S. Department of Interior</b>			<b><u>3,169,822</u></b>

JACKSON COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice /Office of Justice Programs			
Passed-through the University of Southern Mississippi			
Project Safe Neighborhood	16.609	USM-GR04438-02-PSN2011	1,380
Edward Byrne Memorial Justice Assistance Grant Program (Direct Award)	16.738	2012-DJ-BX-1063	2,848
Edward Byrne Memorial Justice Assistance Grant Program (Direct Award)	16.738	2013-DJ-BX-0718	<u>21,144</u>
<b>Total U.S. Department of Justice</b>			<u><b>25,372</b></u>
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program (Direct Award)	20.106	3-28-0101-029-2013	191,306
Airport Improvement Program (Direct Award)	20.106	3-28-0101-030-2014	<u>11,030</u>
Subtotal			202,336
Federal Highway Administration			
Passed-through the Mississippi Department of Transportation			
Office of State Aid			
Highway Planning and Construction	20.205	BR-NBIS-080-B(30)	37,380
Highway Planning and Construction	20.205	MS134-030(1)B	138,654
Highway Planning and Construction	20.205	STP-9065(1)B	8,752
Highway Planning and Construction	20.205	TCSP-9149(1)B	<u>48,087</u>
Subtotal			232,873
National Highway Traffic Safety Administration/			
Passed-through the Mississippi Department of Public Safety			
Division of Public Safety Planning			
Occupant Protection	20.616	14-OP-130-1	<u>14,850</u>
Subtotal			14,850
Passed-through the Mississippi Emergency Management Agency			
Hazardous Materials Emergency Preparedness Grant	20.703		15,993
Hazardous Materials Emergency Preparedness Grant	20.703	10613174	<u>1,136</u>
Subtotal			17,129
<b>Total U.S. Department of Transportation</b>			<u><b>467,188</b></u>
U.S. Environmental Protection Agency			
Special Water Infrastructure Project (Direct Award)*	66.202	XP984459-98-0	<u>2,541,262</u>
<b>Total U.S. Environmental Protection Agency</b>			<u><b>2,541,262</b></u>
U.S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance*	97.036	1604-DR-MS	928,987
Disaster Grants - Public Assistance*	97.036	1794-DR-MS	115,222
Disaster Grants - Public Assistance*	97.036	4081-DR-MS	<u>1,154,452</u>
Subtotal			2,198,661
Hazard Mitigation Grant	97.039	1604-0204	256,334
Emergency Management Performance Grant	97.042	12EMPG	8,306
Emergency Management Performance Grant	97.042	14EMPG	<u>90,424</u>
Subtotal			98,730
<b>Total U.S. Department of Homeland Security</b>			<u><b>2,553,725</b></u>

JACKSON COUNTY  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>35,702,216</u></b>

Note A - Significant Accounting Policies

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

Note B - Coastal Impact Assistance Program Grant

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$2,735,847 to subrecipients during the year ended September 30, 2014.

\* Denotes major federal award program

OTHER INFORMATION

JACKSON COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2014

<u>Position</u>	<u>Company</u>	<u>Bond</u>
Supervisor District 1	Travelers	100,000
Supervisor District 2	State Farm	100,000
Supervisor District 3	Travelers	100,000
Supervisor District 4	Travelers	100,000
Supervisor District 5	Travelers	100,000
County Administrator	Old Republic	100,000
Chancery Clerk	Travelers	100,000
Purchase Clerk	Old Republic	75,000
Assistant Purchase Clerk	Old Republic	75,000
Receiving Clerk	Old Republic	75,000
Assistant Receiving Clerk	Old Republic	50,000
Inventory Control Clerk	Travelers	75,000
Assistant Inventory Control Clerk	Old Republic	50,000
Constable District 1	Travelers	50,000
Constable District 2	Western Surety Company	50,000
Constable District 3	Travelers	50,000
Circuit Clerk	Travelers	100,000
Sheriff	Travelers	100,000
Justice Court Judge District 1	Travelers	50,000
Justice Court Judge District 2	Travelers	50,000
Justice Court Judge District 3	Travelers	50,000
Justice Court Judge District 4	Travelers	50,000
Tax Collector	Travelers	100,000
Tax Assessor	Travelers	50,000

SPECIAL REPORTS

# WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

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

September 22, 2015

Members of the Board of Supervisors  
Jackson 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 Jackson County, Mississippi, (the County) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated September 22, 2015. 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 Road Fund because the County did not record the appropriate capital outlay related to on-going projects 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 Jackson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2014-1, 2014-2 and 2014-5.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs: 2014-3, and 2014-4, 2014-6 and 2014-7 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of it 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 the County 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 September 22, 2015, included within this document.

### **Jackson County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Walter Ward Hinkle # Senior*

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

September 22, 2015

Members of the Board of Supervisors  
Jackson County, Mississippi

### **Report on Compliance for Each Major Federal Program**

We have audited Jackson County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Jackson County's major federal programs for the year ended September 30, 2014. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Jackson County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Jackson County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

## Report on Internal Control over Compliance

Management of Jackson County 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 Jackson County'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 OMB Circular A-133, 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 Jackson 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Wesley Ward Withers & Sons*

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

September 22, 2015

Members of the Board of Supervisors  
Jackson County, Mississippi

We have examined Jackson County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2014. The Board of Supervisors of Jackson 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 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 Jackson County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

1. Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an accurate inventory system. Management has not recorded the appropriate capital outlay related to on-going projects in the road fund. The County's errors and omissions indicate material weaknesses in the County's internal control related to capital assets in the road fund. Therefore, the Independent Auditor's Report includes a qualified opinion on the road fund. Failure to properly address these issues could result in the loss or misappropriation of public funds, as well as potential misstatements of financial statement amounts.

Recommendation

The road fund should implement policies and procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets. To ensure that records are accurate and complete, the Inventory Control Clerk should then work with road fund managers and other individuals as necessary to make sure amounts recorded are accurate and reconciliation to the general ledger amounts is performed as well.

Road Fund and Inventory Control Clerk's Response

Both departments are working diligently to correct this problem and to design a process to accurately report capital outlay in the county's financial statements.

In our opinion, except as referred to in the preceding paragraph, Jackson County, Mississippi complied in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

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

Jackson 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 the central purchasing system and inventory control system of Jackson County, Mississippi, 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.

*Walter Ward White # 100*

JACKSON COUNTY, MISSISSIPPI  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2014

Schedule I

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

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting Other Than the Lowest Bid
------	-------------------	-----------------	--------	---------------	---------------------------------------------------------

JACKSON COUNTY, MISSISSIPPI  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2014

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
6/2/2014	Chiller 1 repairs	\$ 21,860	Johnson Controls	Chiller broke over weekend
9/2/2014	Chiller 1 repairs	1,360	Johnson Controls	Chiller out

JACKSON COUNTY, MISSISSIPPI  
 Schedule of Purchases Made Noncompetitively From a Sole Source  
 For the Year Ended September 30, 2014

Schedule 3

Date	Item Purchased	Amount Paid	Vendor
10/28/2013	Composite railroad crossing mats	\$ 43,920	LT Resources, Inc.
12/9/2013	Elevator drive component	13,175	Kone, Inc.
4/7/2014	Power supplies for voting machines	10,250	Election Systems & Software
6/9/2014	Chiller repairs	29,997	Johnson Controls
7/7/2014	Chiller repairs	5,375	Johnson Controls
7/21/2014	License plate readers	30,800	Turn-Key Mobile, Inc.
8/4/2014	Chiller repairs	6,023	Johnson Controls
9/2/2014	Golf cart repairs	13,008	Ben Nelson Golf

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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

September 22, 2015

Members of the Board of Supervisors  
Jackson County, Mississippi

In planning and performing our audit of the financial statements of Jackson County, Mississippi for the year ended September 30, 2014, we considered Jackson 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 Jackson 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 September 22, 2015 on the financial statements of Jackson County, Mississippi.

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

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

Human Resources/Payroll.

1. Required forms should be submitted timely for reemployment after retirement

### Finding:

Section 25-11-127, Miss. Code Ann. (1972), requires that the PERS Form 4B, Certification/Acknowledgement of reemployment of PERS service retiree, must be filled-out by the retiree and the appointing authority of the PERS covered agency employing such service

retiree under the reemployment provisions. Once form 4B is completed for reemployment after retirement, it must be submitted to PERS within five days. Also required by PERS, if a retired employee is to be classified as an independent contractor, he or she must complete the PERS employees vs. Independent contractor determination questionnaire and submit to PERS.

During PERS testing it was noted that one reemployed retiree's Form 4B was not submitted within the five days after rehire as required by PERS.

Recommendation:

The County should comply with Section 25-11-127, Miss. Code Ann. (1972) and PERS regulations.

Human Resource/Payroll Response

We will comply with recommendations of auditor's finding.

2. Circuit Clerk.

Finding:

During bond fees receipt testing it was noted that there were instances in which various fees required such as drug evidence fees and domestic violence fees should have been charged and were omitted.

Recommendation

The County should comply with the various state laws regarding fines and penalties imposed.

Circuit Clerk Response

We will comply with recommendations of auditor's finding.

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

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

*Wendell Wendell Heth & Heth*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JACKSON COUNTY, MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |                                                                 |            |
|-----------------------------------------------------------------|------------|
| 1. Type of auditor's report issued on the financial statements: |            |
| Governmental activities                                         | Unmodified |
| Business-type activities                                        | Unmodified |
| Aggregate discretely presented component units                  | Adverse    |
| General Fund                                                    | Unmodified |
| Road Fund                                                       | Qualified  |
| Aggregate remaining fund information                            | Unmodified |
| 2. Internal control over financial reporting:                   |            |
| a. Material weaknesses identified?                              | Yes        |
| b. Significant deficiencies identified?                         | Yes        |
| 3. Noncompliance material to the financial statements noted?    | No         |

***Federal Awards***

- |                                                                                                                                                                                                                                     |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 4. Internal control over major programs:                                                                                                                                                                                            |               |
| a. Material weaknesses identified?                                                                                                                                                                                                  | No            |
| b. Significant deficiencies identified?                                                                                                                                                                                             | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs:                                                                                                                                                        |               |
| Unmodified for all major programs.                                                                                                                                                                                                  |               |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ____,510(a) of OMB Circular A-133?                                                                                                    | No            |
| 7. Identification of major programs:                                                                                                                                                                                                |               |
| a. Community development block grants/state's program<br>CFDA #14.228                                                                                                                                                               |               |
| b. Coastal impact assistance program CFDA #15.668                                                                                                                                                                                   |               |
| c. Special Water Infrastructure Project CFDA #66.202                                                                                                                                                                                |               |
| d. Disaster grants – public assistance, CFDA #97.036                                                                                                                                                                                |               |
| 8. The dollar threshold used to distinguish between type A and type B programs:                                                                                                                                                     | \$1,071,066   |
| 9. Auditee qualified as a low-risk auditee?                                                                                                                                                                                         | No            |
| 10. Prior fiscal year audit finding and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____,315(b) of OMB Circular A-133? | Yes           |

JACKSON COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

Section 2: Financial Statement Findings

Board of Supervisors

*Material Weakness*

**2014-1** Financial data for discretely presented component units should be included in the financial statements.

Finding

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

The financial statements do not include the financial data for the County's legally separate component units.

Recommendation

We recommend that the County Board of Supervisors provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

Road Fund

*Material Weakness*

**2014-2** Capital assets subsidiary ledgers are not complete

Finding

During our audit testing, we made several adjustments to construction in progress for projects associated with the roads department. The current additions provided by the roads department were incomplete and amounts were not reconciled with amounts reported in the current fiscal year general ledger. Audit adjustments necessary to construction in progress were material to the road fund.

Recommendation

The roads department needs to reconcile amounts reported in the general ledger with amounts reported in the roads departmental reports. The reconciled amounts need to also be reported and verified with the Inventory Control Clerk reports on a frequent basis.

JACKSON COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

Section 2: Financial Statement Findings (continued)

Inventory Control Clerk

*Significant deficiency*

**2014-3** Capital assets subsidiary ledgers are not complete.

Finding

During our audit testing, we noted there was a lack of communication between the various County departments and the inventory control clerk regarding capital asset additions. The failure to maintain an accurate inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Inventory Control Clerk should implement policies and procedures to communicate frequently with the various department managers to ensure that records are accurate and complete, and that the capital outlay reported in the general ledger is reconciled to the inventory listing.

Board of Supervisors

*Significant Deficiency*

**2014-4** Controls over equipment and real property management should be strengthened.

Finding

A parcel of land, and the building located on it acquired with federal grant money through the Hazard Mitigation grant administered through the department of Mississippi Emergency Management Agency was not included in the County's inventory system. As a result, the property was not properly accounted for in the County's inventory system.

Recommendation

The Board of Supervisors should take steps to ensure that controls are in place to record all federally funded equipment and real property and reported accurately as required by the OMB *Circular A-133 Compliance Supplement*.

JACKSON COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

Section 2: Financial Statement Findings (continued)

Tax Collector

*Material Weakness*

**2014-5** Segregation of duties and management override of internal controls.

Finding

The Assistant tax collector writes and co-signs checks and prepares the bank reconciliations. Some checks had only one signature, when policy requires two valid check signers. The tax collector keeps his signature stamp in his office filing cabinet; however his keys are in his desk drawer, making it possible to obtain the stamp.

Recommendation

In order to mitigate the possibility of misappropriation of funds, it is necessary to maintain adequate separation of duties. The Assistant Tax Collector should not be able to write checks and sign them, then prepare the bank reconciliation. All checks should have two signatures. The tax collector should keep his keys with him and not in the desk drawer to maintain adequate security over his signature stamp.

Board of Supervisors

*Significant Deficiency*

**2014-6** Financial information for Sheriff's checking account not recorded in County books.

Finding

The Sheriff's Department has a checking account that is used to account for deposits from service of process, cash bonds and the criminal investigation division. The account is supposed to operate as a clearing account with all the deposits in one month being remitted the next month to the County. This information is not recorded in the County's financial ledgers. Per discussion with the State Auditor's office, all transactions flowing through the Sheriff's checking account should be recorded in the County's books. It is also suggested that the County follow up with the Sheriff's bookkeeper if monthly deposits collected are not fully settled with the County in the subsequent period.

Recommendation

Transactions are significant and should be recorded in County books.

JACKSON COUNTY, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

Section 2: Financial Statement Findings (continued)

Board of Supervisors

*Significant Deficiency*

**2014-7** Auditor's assistance required to complete the Schedule of Expenditures of Federal Awards.

Finding

The County's grant administrator does not have full oversight over all County grants. Centralized processing of all grant awards, documentation and activities is not present in the County. Several County departments maintain and report grant activities to various federal agencies. Proper accruals or adjustments were necessary to complete the schedule.

Without centralized grant activities, several different departments must submit information for the completion of the Schedule of Expenditures of Federal Awards. Many of these agencies do not have the necessary knowledge and financial information to include accrual (accounts receivable and accounts payable) amounts in their submission causing amounts to be reported inaccurately.

Recommendation

We recommend that the County establish an internal control system to ensure completeness and accuracy of reporting federal activities on the Schedule of Expenditures of Federal Awards.

Section 3: Federal Award Findings and Questioned Costs

There are no federal award findings.

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

**BOARD OF SUPERVISORS**  
Jackson County, Mississippi

Josh Eldridge, CPA  
Comptroller  
PO Box 998  
Pascagoula, MS 39568-0998

Office: (228) 769-3155 Fax: (228) 769-3357  
joshua\_eldridge@co.jackson.ms.us  
www.co.jackson.ms.us

**CORRECTIVE ACTION PLAN**

September 22, 2015

Wright Ward Hatten & Guel, CPAS  
P.O. Box 129  
Gulfport, MS 39502

Gentlemen:

Jackson County respectfully submits the following corrective action plan for the year ended September 30, 2014.

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**

14-1 Corrective Action Planned:

Jackson County has chosen to omit the financial statements of seven component units. Component units that receive audits independent of Jackson County are available for public inspection in the Chancery Clerk's office.

Anticipated Completion Date: September 2016

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

14-2 Corrective Action Planned:

The road department will implement controls to ensure the general ledger reconciles to road departmental reports.

Anticipated Completion Date: September 2015

Name of Contact Person Responsible for Corrective Action:

Joe O'Neal, Road Manager

14-3 Corrective Action Planned:

The Inventory Control Clerk will implement policies and procedure to ensure all capital asset additions are properly recorded

Anticipated Completion Date: September 2015

Name of Contact Person:

Nancy Anglada, Inventory Control Clerk

14-4 Corrective Action Planned:

The Board of Supervisors will take steps to ensure that controls are in place to ensure all assets are properly accounted for.

Anticipated Completion Date: September 2015

Name of Contact Person:

Josh Eldridge, Comptroller

14-5 Corrective Action Planned:

Jackson County Tax Collector's Office has restructured to better segregate responsibilities. The Assistant Tax Collector will not have access to and use the signature stamp. Policies and procedures are now in place to correct the finding.

Anticipated Completion Date: December 2014

Name of Contact Person Responsible for Corrective Action:

Joe Tucker, Tax Collector

14-6 Corrective Action Planned:

Jackson County will record Sheriff's clearing account on county's books.

Anticipated Completion Date: September 2016

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

14-7 Corrective Action Planned

Jackson County will establish internal controls to ensure completeness and accuracy of reporting federal activities on the Schedule of Expenditures of

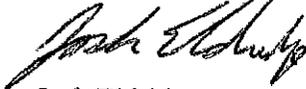
Federal Awards.

Anticipated Completion Date: September 2015

Name of Contact Person Responsible for Corrective Action:  
Patty Huffman, Grant Administrator

**SECTION 3: FEDERAL AWARD FINDINGS**

There are no federal award findings.



Josh Eldridge  
Comptroller  
228-769-3155

# BOARD OF SUPERVISORS

Jackson County, Mississippi

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September 22, 2015

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended September 30, 2014

Gentlemen:

Jackson County respectfully submits the following summary of prior audit findings relative to federal awards.

### U.S. DEPARTMENT OF HOMELAND SECURITY

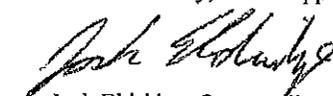
2013 – Finding 13-6 CFDA #97.039 – Hazard Mitigation Grant – Grant Number – 1604-0204

Condition: During audit testing procedures, parcels of land and buildings located on them, were not included in the county's inventory system. As a result, the land and buildings were not properly accounted for as land and buildings for the county.

Recommendation: The Jackson County Board of Supervisors should take steps to ensure that controls are in place to make certain all equipment and real property acquired with federal funds are properly accounted for in the county's capital assets records, as required.

Current Status: The planning department is working on forwarding to inventory control all relevant information to accomplish this task upon receipt of closing documents.

Sincerely,  
Jackson County, Mississippi



Josh Eldridge, Comptroller