

JACKSON COUNTY, MISSISSIPPI
Audited Financial Statements
and Special Reports
For the Year Ended September 30, 2013

WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1929)

Certified Public Accountants

HANCOCK BANK BUILDING

2510 - 14TH STREET

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GULFPORT, MISSISSIPPI 39502

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July 22, 2014

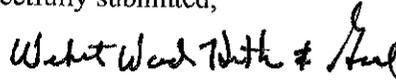
Members of the Board of Supervisors
Jackson County, Mississippi

Dear Board Members:

We are pleased to submit to you the 2013 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

July 22, 2014

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, 2013, 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 Governmental Activities

Management has not maintained adequate subsidiary records documenting the existence, completeness and valuation of capital assets and, accordingly, has not recorded the appropriate depreciation expense on those assets. 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 including the County's infrastructure, and also that the depreciation on capital assets, including infrastructure, be adequately documented. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" 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, 2013, 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, 2013, 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 the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County, Mississippi, as of September 30, 2013, 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 2013, Jackson County, Mississippi adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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 39-42 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

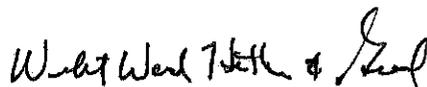
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Mississippi basic financial statements. The Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis and are not a required part of 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 July 22, 2014, 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.



JACKSON COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2013

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 67,577,068	202,068	67,779,136
Property tax receivable	80,752,097		80,752,097
Fines receivable (net of allowance for uncollectibles of \$11,402,350)	4,163,371		4,163,371
Loans receivable	23,631		23,631
Intergovernmental receivables	5,235,214		5,235,214
Other receivables	60,599		60,599
Prepaid insurance	872,807		872,807
Bond issuance cost, net	329,146		329,146
Restricted assets - investments	28,847,300		28,847,300
Capital assets:			
Land and construction in progress	23,741,345	6,478	23,747,823
Other capital assets, net	145,625,722	32,324	145,658,046
Total Assets	<u>357,228,300</u>	<u>240,870</u>	<u>357,469,170</u>
LIABILITIES			
Claims payable	9,265,936	39,775	9,305,711
Intergovernmental payables	1,372,394		1,372,394
Accrued interest payable	523,093		523,093
Unearned revenue	80,752,097		80,752,097
Other payables	2,709,546		2,709,546
Long-term liabilities			
Other postemployment benefits payable	1,113,474		1,113,474
Due within one year:			
Capital debt	7,841,268		7,841,268
Non-capital debt	1,674,962		1,674,962
Due in more than one year:			
Capital debt	39,541,175		39,541,175
Non-capital debt	7,157,592	44,449	7,202,041
Total Liabilities	<u>151,951,537</u>	<u>84,224</u>	<u>152,035,761</u>
NET POSITION			
Net investment in capital assets	121,984,624	38,802	122,023,426
Restricted:			
Expendable:			
Debt service	11,952,124		11,952,124
Public safety	1,818,181	118,883	1,937,064
Public works	9,359,835		9,359,835
Conservation of natural resources	1,745		1,745
Economic development	154,789		154,789
Unemployment compensation	8,643		8,643
Capital projects	36,908,236		36,908,236
Unrestricted	23,088,586	(1,039)	23,087,547
Total Net Position	<u>\$ 205,276,763</u>	<u>156,646</u>	<u>\$ 205,433,409</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, 2013

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	\$ 33,557,551	1,620,937	3,643,000		(28,291,614)		(28,291,614)
Public safety	21,340,776	1,009,470			(20,331,306)		(20,331,306)
Public works	17,396,243	168,044	1,124,046		(16,104,153)		(16,104,153)
Health and welfare	3,382,818	90,201	1,671,939		(1,820,678)		(1,820,678)
Culture and recreation	2,028,525	155,259	419,949		(1,453,317)		(1,453,317)
Education	359,461				(359,461)		(359,461)
Conservation of natural resources	234,458	1,607,040		18,568,902	1,372,582		1,372,582
Economic development and assistance	13,634,173				4,934,729		4,934,729
Interest on long-term debt	1,795,417				(1,795,417)		(1,795,417)
Total Governmental Activities	<u>93,929,422</u>	<u>1,620,937</u>	<u>6,675,014</u>	<u>21,784,836</u>	<u>(63,848,635)</u>		<u>(63,848,635)</u>
Business-type activities:							
Adult detention center canteen fund	43,583	32,868				(10,715)	(10,715)
Harbor	172,640	151,971			(20,669)		(20,669)
Golf course	746,529	615,075			(131,454)		(131,454)
Total Business-type Activities	<u>962,752</u>	<u>799,914</u>			<u>(162,838)</u>		<u>(162,838)</u>
Total Primary Government	<u>94,892,174</u>	<u>2,420,851</u>	<u>6,675,014</u>	<u>21,784,836</u>	<u>(63,848,635)</u>	<u>(162,838)</u>	<u>(64,011,473)</u>
General revenues:							
Property taxes					77,544,503		77,544,503
Road & bridge privilege taxes					1,856,162		1,856,162
Grants and contributions not restricted to specific programs					7,510,510		7,510,510
Unrestricted interest income					584,291	668	584,959
Miscellaneous					4,091,767	100,000	4,191,767
Total general revenues, and special items					<u>91,587,233</u>	<u>100,668</u>	<u>91,687,901</u>
Change in Net Position					<u>27,738,598</u>	<u>(62,170)</u>	<u>27,676,428</u>
Net Position - Beginning, as previously reported					<u>169,355,133</u>	<u>218,816</u>	<u>169,573,949</u>
Prior period adjustments					<u>8,183,032</u>		<u>8,183,032</u>
Net Position - Beginning, as restated					<u>177,538,165</u>	<u>218,816</u>	<u>177,756,981</u>
Net Position - Ending					<u>205,276,763</u>	<u>156,646</u>	<u>205,433,409</u>

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

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	Correctional Facility Fund		
ASSETS					
Cash	\$ 23,609,510	7,032,163		33,035,842	63,677,515
Property tax receivable	46,115,970	14,980,627		19,655,500	80,752,097
Fines receivable (net of allowance for uncollectable of \$14,891,972)	4,163,371				4,163,371
Loans receivable				23,631	23,631
Intergovernmental receivables	727,311			4,507,903	5,235,214
Other receivables	60,599				60,599
Restricted assets - investments	1,035,290		27,812,010		28,847,300
Due from other funds	5,472,807	248,852		129,214	5,850,873
Advances to other funds	161,477				161,477
Total Assets	\$ 81,346,335	22,261,642	27,812,010	57,352,090	188,772,077
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 2,143,313	1,126,031	135,286	5,167,368	8,571,998
Intergovernmental payables	1,372,394				1,372,394
Due to other funds	479,959		980,436	4,492,371	5,952,766
Advances from other funds				161,477	161,477
Unearned revenue	50,279,341	14,980,627		19,655,500	84,915,468
Other payables	2,607,655				2,607,655
Total Liabilities	56,882,662	16,106,658	1,115,722	29,476,716	103,581,758
Fund balances:					
Nonspendable:					
Advances	161,477				161,477
Loans receivable				23,631	23,631
Restricted for:					
Debt service				12,475,217	12,475,217
Capital projects			26,696,288	10,211,948	36,908,236
Tort claims	1,035,290				1,035,290
Unemployment compensation				8,643	8,643
Committed to:					
Public safety				1,818,181	1,818,181
Public works		6,154,984		3,204,851	9,359,835
Economic development and assistance				131,158	131,158
Assigned to:					
Other purposes				1,745	1,745
Unassigned	23,266,906				23,266,906
Total Fund Balances	24,463,673	6,154,984	26,696,288	27,875,374	85,190,319
Total Liabilities and Fund Balances	\$ 81,346,335	22,261,642	27,812,010	57,352,090	188,772,077

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, 2013

Exhibit 3-1

Total funds balance - Governmental Funds	\$ 85,190,319
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)	169,367,067
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	4,163,371
Long-term liabilities are not due and payable in the current period expenditures and therefore are not reported in the funds	(56,214,997)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds	(1,113,474)
Accrued interest not due and payable in the current period expenditures and, therefore, not reported in the funds	(523,093)
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	3,205,617
Bond issuance cost, net of amortization	329,146
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>872,807</u>
Total Net Position - Governmental Activities	<u>\$ 205,276,763</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, 2013

Exhibit 4

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	Correctional Facility Fund		
REVENUES					
Property taxes	\$ 44,199,537	15,135,653		18,209,313	\$ 77,544,503
Road and bridge privilege taxes		1,856,162			1,856,162
Licenses, commissions and other revenue	2,074,081				2,074,081
Fines and forfeitures	1,469,775			144,540	1,614,315
Intergovernmental revenues	4,667,864	1,328,184		29,974,312	35,970,360
Charges for services	607,622				607,622
Interest income	284,563	27,130	171,652	88,065	571,410
Miscellaneous revenues	1,249,182	144,171		2,519,346	3,912,699
Total Revenues	54,552,624	18,491,300	171,652	50,935,576	124,151,152
EXPENDITURES					
Current:					
General government	24,064,475			11,977,551	36,042,026
Public safety	16,109,287		1,726,772	4,942,427	22,778,486
Public works	1,350,233	18,656,242		10,218,852	30,225,327
Health and welfare	2,306,801			1,063,121	3,369,922
Culture and recreation	3,305,780			988,147	4,293,927
Education	358,489				358,489
Conservation of natural resources	181,679			50,446	232,125
Economic development and assistance	1,669,669			11,947,124	13,616,793
Debt service:					
Principal	940,012			8,817,951	9,757,963
Interest and debt service fees	689,866			1,105,551	1,795,417
Total Expenditures	50,976,291	18,656,242	1,726,772	51,111,170	122,470,475
Excess of Revenues over/(under) Expenditures	3,576,333	(164,942)	(1,555,120)	(175,594)	1,680,677
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued			29,230,000	2,900,000	32,130,000
Proceeds from sale of capital assets	13,454	124,885		19,350	157,689
Compensation for loss of capital assets	21,379				21,379
Transfers in	21,145			1,915,673	1,936,818
Transfers out	(200,019)	(1,815,654)		(21,145)	(2,036,818)
Total Other Financing Sources and Uses	(144,041)	(1,690,769)	29,230,000	4,813,878	32,209,068
Net Changes in Fund Balances	3,432,292	(1,855,711)	27,674,880	4,638,284	33,889,745
Fund Balances - Beginning, as previously reported	21,474,480	8,010,695	(978,592)	17,767,069	46,273,652
Prior period adjustments	(443,099)			5,470,021	5,026,922
Fund Balances - Beginning, as restated	21,031,381	8,010,695	(978,592)	23,237,090	51,300,574
Fund Balances - Ending	\$ 24,463,673	6,154,984	26,696,288	27,875,374	\$ 85,190,319

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, 2013

Exhibit 4-1

Net changes in fund balances -governmental funds \$ 33,889,745

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 \$25,332,959 exceeded depreciation expense \$5,790,439. 19,542,520

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 \$379,384 and the proceeds from the sale of \$157,689 in the current period. (221,695)

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. (2,675,081)

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 proceeds of \$32,130,000 exceeded debt repayments of \$9,757,963. (22,372,037)

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:

Bond issue cost amortization	(296,328)
Bond premium amortization	95,596
Change in accrued interest payable	(216,690)
Change in compensated absences	(168,733)

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. (84,482)

Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds. 245,783

Change in net position of governmental activities \$ 27,738,598

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

JACKSON COUNTY, MISSISSIPPI
Statement of Net Position - Proprietary Fund
September 30, 2013

Exhibit 5

	Business-type Activites Enterprise Funds	Governmental Activities
	<u>Non-major Funds</u>	<u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash	\$ 202,068	3,899,553
Total Current Assets	<u>202,068</u>	<u>3,899,553</u>
Noncurrent assets:		
Capital assets:		
Land	6,478	
Other capital assets, net	32,324	
Total Noncurrent Assets	<u>38,802</u>	<u>-</u>
Total Assets	<u>240,870</u>	<u>3,899,553</u>
LIABILITIES		
Current liabilities		
Claims payable	39,775	693,936
Total Current Liabilities	<u>39,775</u>	<u>693,936</u>
Noncurrent Liabilities		
Non-capital debt:		
Compensated absences payable	44,449	
Total Noncurrent Liabilities	<u>44,449</u>	<u>-</u>
Total Liabilities	<u>84,224</u>	<u>693,936</u>
NET POSITION		
Net investment in capital assets	38,802	
Restricted for:		
Inmate canteen supplies	118,883	
Unrestricted	(1,039)	3,205,617
Total Net Position	<u>\$ 156,646</u>	<u>3,205,617</u>

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

JACKSON COUNTY, MISSISSIPPI

Statement of Revenues, Expenditures and Changes in Fund Net Position - Proprietary Fund
For the Year Ended September 30, 2013

Exhibit 6

	Business-type Activites Enterprise Funds	Governmental Activities
	<u>Non-major Funds</u>	<u>Internal Service Fund</u>
Operating Revenues		
Sales and charges for services	\$ 796,567	
Premiums		7,283,789
Miscellaneous	3,347	172,044
Total Operating Revenues	<u>799,914</u>	<u>7,455,833</u>
Operating Expenses		
Personal services	582,217	
Contractual services	142,196	
Materials and supplies	228,212	
Depreciation expense	10,127	
Claims payments		6,985,021
Administrative		146,550
Insurance premiums		421,625
Total Operating Expenses	<u>962,752</u>	<u>7,553,196</u>
Operating Income (Loss)	(162,838)	(97,363)
Nonoperating Revenues (Expenses)		
Interest Income	668	12,881
Net Nonoperating Revenue (Expenses)	<u>668</u>	<u>12,881</u>
Net Income (Loss) Before Transfers		
Transfers in	<u>100,000</u>	
Changes in Net Position	(62,170)	(84,482)
Net Position - Beginning	<u>218,816</u>	<u>3,290,099</u>
Net Position - Ending	<u>\$ 156,646</u>	<u>3,205,617</u>

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

JACKSON COUNTY, MISSISSIPPI
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2013

Exhibit 7

	Business-type	Governmental
	Activites Enterprise Funds	Activities
	Non-major Funds	Self-insurance Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 796,567	
Receipts for premiums		7,283,789
Payments to suppliers	(371,190)	
Payments to employees	(580,409)	
Payments for claims		(6,518,096)
Payments for insurance premiums		(421,625)
Other operating cash receipts	3,399	172,044
Other operating cash payments		(146,550)
Net Cash Provided (Used) by Operating Activities	<u>(151,633)</u>	<u>369,562</u>
Cash Flows From Non Capital Financing Activities		
Cash received from other funds:		
Operating transfers in	100,000	
Net Cash Provided (Used) by NonCapital Financing Activities	<u>100,000</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest on deposits	668	12,881
Net Cash Provided (Used) by Noncapital Investing Activities	<u>668</u>	<u>12,881</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(50,965)	382,443
Cash and Cash Equivalents at Beginning of Year	253,033	3,517,110
Cash and Cash Equivalents at End of Year	<u>\$ 202,068</u>	<u>3,899,553</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (162,838)	(97,363)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Gain on disposal of asset	52	
Depreciation expense	10,127	
Changes in assets and liabilities:		
Increase (decrease) in claims payable	(782)	466,925
Increase (decrease) in compensated absences liability	1,808	
Total Adjustments	<u>11,205</u>	<u>466,925</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (151,633)</u>	<u>369,562</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, 2013

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,082,702
Due from other funds	<u>101,893</u>
Total Assets	<u>\$ 1,184,595</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Intergovernmental payables	\$ <u>1,184,595</u>
Total Liabilities	<u>\$ 1,184,595</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, 2013

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity.

Jackson 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, 2013

(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, 2013

(1) Summary of Significant Accounting Policies (continued)

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.

F. Receivables.

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies (continued)

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, 2013

(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. Long-term Liabilities.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

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

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

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party of 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.

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.

M. Property Tax Revenues.

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies (continued)

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.

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and proprietary 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

For the fiscal year ended September 30, 2013, the County implemented Governmental Accounting Standards Council (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of net position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, the statement changes the previous classification of net assets to net position, and consequently the statement of net assets to the statement of net position.

(3) Prior Period Adjustments

A summary of significant fund equity adjustments are as follows:

Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in recording compensated absences, bond issuance cost	\$ (598,755)
To correct a prior year error in recording unearned revenue and revenue	5,026,922
To correct a prior year error in recording capital assets	<u>3,754,865</u>
Total prior period adjustments	<u>\$ 8,183,032</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(3) Prior Period Adjustments (continued)

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
To correct a prior year error in recording unearned revenue –EPA grant	\$ 4,967,086
To correct a prior year error in recording revenues	59,836
Total prior period adjustments	<u>\$ 5,026,922</u>

(4) Deposits and Investments

Deposits:

The carrying amount of the County’s total deposits with financial institutions at September 30, 2013, was \$68,861,838, and the bank balance was \$70,378,543. 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).

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, 2013, investment balances and maturities for the Jackson County Tort Claims Trust are as follows:

	<u><1 year</u>	<u>6-10 years</u>	<u>>10 years</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizons*	\$ 69,167			69,167	AAAm
GNMA Pools		30,770	226,739	257,509	AAA
U.S. Treasury Notes	142,150	566,464		708,614	AAA
 Total	 \$ 211,317	 597,234	 226,739	 1,035,290	

*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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(4) Deposits and Investments (continued)

As of September 30, 2013, investment balances and maturities for the Jackson County Correctional Facility Fund are as follows:

	<u><1 year</u>	<u>6-10 years</u>	<u>>10 years</u>	<u>Fair Value</u>	<u>Rating</u>
Federated Prime Cash Obligation	\$ 81,763			81,763	AAA
GNMA/FNMA	612,597			612,597	AAA
U.S. Treasury Notes	<u>27,117,650</u>			<u>27,117,650</u>	AAA
 Total	 <u>\$ 27,812,010</u>	 <u>-</u>	 <u>-</u>	 <u>27,812,010</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.

(5) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 4,492,371
General Fund	Correctional Facility Fund	980,436
Road Fund	General Fund	248,852
Other Governmental Funds	General Fund	129,214
Agency Funds	General Fund	<u>101,893</u>
Total		<u>\$ 5,952,766</u>

The receivables represent the tax revenue collected, but not settled until October 2013. 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	\$ 161,477
Total		<u>\$ 161,477</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(5) Interfund Transactions and Balances (continued)

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

Transfers In/Out:			
Transfer In	Transfer Out		Amount
General Fund	Other Governmental Funds	\$	21,145
Other Governmental Funds	Road Fund		1,815,654
Other Governmental Funds	General Fund		100,019
Enterprise Fund	General Fund		100,000
Total		\$	2,036,818

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.

(6) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2013, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 705,085
Community development block grants/states program (R-103-030-03-KED)	1,813,548
Community development block grants/states program (R-103-030-05-KED)	1,485,526
Community development block grants/states program (R-103-030-06-KED)	339,273
Community development block grants/states program (R-103-030-08-KED)	11,000
EMPG grant	22,226
EPA industrial water	828,127
Pre disaster mitigation grant	19,470
Housing Urban and Development (horse arena)	10,959
Total	\$ 5,235,214

(7) Loans Receivable

Loans receivable balances at September 30, 2013, 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%	2/1/2007	23,631
Total				159,885
Less: Allowance for doubtful accounts*				(136,254)
Total (Net of allowance for doubtful accounts)				\$ 23,631

(8) Restricted Assets

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

Inmate canteen supplies	\$ 118,883
Total restricted assets	\$ 118,883

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(9) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental Activities

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 12,845,197				12,845,197
Construction in Progress	10,683,248	6,261,129	(49,418)	(5,998,811)	10,896,148
Total non-depreciable capital assets	<u>23,528,445</u>	<u>6,261,129</u>	<u>(49,418)</u>	<u>(5,998,811)</u>	<u>23,741,345</u>
<u>Depreciable capital assets:</u>					
Infrastructure	156,158,146	16,820,540			172,978,686
Building	57,810,251			9,778,515	67,588,766
Improvements other than buildings	5,656,630	103,651			5,760,281
Mobile equipment	22,477,271	1,858,778	(1,279,142)	60,322	23,117,229
Furniture and equipment	5,550,891	288,861	(98,133)		5,741,619
Leased property under capital leases	387,967			(26,554)	361,413
Total depreciable capital assets	<u>248,041,156</u>	<u>19,071,830</u>	<u>(1,377,275)</u>	<u>9,812,283</u>	<u>275,547,994</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	86,433,168	2,121,740			88,554,908
Building	14,412,328	1,176,368			15,588,696
Improvements other than buildings	4,527,254	488,071			5,015,325
Mobile equipment	15,261,168	1,630,422	(1,113,171)	54,155	15,832,574
Furniture and equipment	4,522,823	341,310	(91,827)	28,351	4,800,657
Leased property under capital leases	121,483	32,528		(23,899)	130,112
Total accumulated depreciation	<u>125,278,224</u>	<u>5,790,439</u>	<u>(1,204,998)</u>	<u>58,607</u>	<u>129,922,272</u>
Total depreciable capital assets, net	<u>122,762,932</u>	<u>13,281,391</u>	<u>(172,277)</u>	<u>9,753,676</u>	<u>145,625,722</u>
Governmental activities capital assets, net	<u>\$ 146,291,377</u>	<u>19,542,520</u>	<u>(221,695)</u>	<u>3,754,865</u>	<u>169,367,067</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(9) Capital Assets (continued)

Business-type Activities

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,478				6,478
Total non-depreciable capital assets	6,478	-	-	-	6,478
<u>Depreciable capital assets:</u>					
Mobile equipment	118,264				118,264
Furniture and equipment	118,650		(5,430)		113,220
Total depreciable capital assets	236,914	-	(5,430)	-	231,484
<u>Less accumulated depreciation for:</u>					
Mobile equipment	106,434				106,434
Furniture and equipment	87,975	10,127	(5,376)		92,726
Total accumulated depreciation	194,409	10,127	(5,376)	-	199,160
Total depreciable capital assets, net	42,505	(10,127)	(54)	-	32,324
Business-type activities capital assets, net	\$ 48,983	(10,127)	(54)	-	38,802

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 1,455,905
Public safety	846,226
Public works	3,132,322
Health and welfare	206,987
Culture and recreation	138,746
Conservation of Natural Resources	1,614
Economic development and assistance	8,639
Total governmental activities depreciation expense	\$ 5,790,439
<u>Business-type activities:</u>	
Adult detention center canteen fund	\$ 8,828
Golf course	1,299
Total business-type activities depreciation expense	\$ 10,127

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(9) Capital Assets (continued)

Commitments with respect to unfinished capital projects as September 30, 2013, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Ocean Springs Fishing Pier	38,337	October 2013
West JC Complex Additions	19,452	October 2013
Jackson County Highway Patrol	257,508	December 2013
Airport Fuel Farm Improvements	871	December 2013
Airport Rehab	165,772	March 2014
Youth Court Detention Center	153,129	May 2014
Self Serve Jet Tank	303,961	September 2014
Soccer Expansions	304,049	October 2014
Ocean Springs Bulkhead	308,519	December 2014
Adult Detention Center	27,826,064	May 2015
RV Park Improvements	41,686	December 2017
Total	<u>\$ 29,419,348</u>	

(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, 2013, to January 1, 2014. 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 a 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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(10) Claims and Judgments (continued)

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, 2013, the amount of these liabilities was \$693,936. 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
2011 – 2012	\$	505,578	5,944,835	6,223,402	227,011
2012 – 2013	\$	227,011	6,985,021	6,518,096	693,936

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.

(11) Operating Leases

As Lessee:

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$376,884 for the year ended September 30, 2013. The future minimum lease payments for these leases are as follows:

Year Ended September 30	Amount
2014	\$ 373,284
2015	281,463
2016	6,000
Total Minimum Payment Required	\$ 660,747

(12) Capital Leases

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

Classes of Property	Governmental Activities
Software	\$ 281,752
Mobile equipment	79,662
Total	361,414
Less Accumulated depreciation	(130,112)
Leased property under capital leases	\$ 231,302

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(12) Capital Leases (continued)

The following is a schedule by years of the total payments due as of September 30, 2013:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 226,418	\$ 11,546
2015	192,003	4,805
	\$ 418,421	\$ 16,351

(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).

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, 2013, retiree premiums range from \$682 to \$938 depending on dependent coverage and Medicare eligibility.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(13) Other postemployment Benefits (continued)

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 \$344,945 is 1.45 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	\$	344,945
Interest on prior year net OPEB obligation		36,599
Adjustment to annual required contribution		<u>(40,739)</u>
Annual OPEB cost		340,805
Contribution made		<u>(40,640)</u>
Increase in net OPEB obligation		300,165
Net OPEB obligation - Beginning of year		<u>813,309</u>
Net OPEB obligation - End of year	\$	<u><u>1,113,474</u></u>

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:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012-2013	\$ 340,805	11.90%	1,113,474

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	\$	2,210,652
Unfunded AAL (UAAL)	\$	2,210,652
Funded Ratio		0.00%
Annual Covered Payroll	\$	23,849,343
UAAL as a Percentage of Annual Covered Payroll		9.30%

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(13) Other postemployment Benefits (continued)

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	
Actuarial assumptions:	
Investment rate or return*	4.50%
Projected salary increases**	2.00%
Healthcare cost trend rate*	10.00%
Ultimate trend rate	5.00%
Year of ultimate trend rate	2023
*Includes inflation at	0.00%
**Includes wage inflation at	2.00%

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(14) Long-term Debt

Debt outstanding as of September 30, 2013, consisted of the following:

Governmental Activities	Amount	Interest	Final
	Outstanding	Rate	Maturity Date
A. General Obligation Bonds:			
Series 2003 refunding	650,000	1.15/5.10%	Mar 2014
Northrop Grumman site	645,000	4.00/5.00%	Aug 2014
Road improvements	3,725,000	3.00/5.00%	Dec 2016
Northrop Grumman, Series 2005A	6,415,000	3.94/5.25%	Jun 2020
Moss Point Industrial Park refunding, Series 2005B	1,620,000	3.94/5.04%	Jun 2020
Series 2011A refunding	2,265,000	2.00/4.00%	Dec 2014
Series 2011B refunding	<u>2,285,000</u>	2.00/3.500%	May 2018
Total General Obligation Bonds	\$ <u>17,605,000</u>		
B. Limited Obligation Bonds:			
Certificates of Participation, (Correctional Facility)	<u>\$ 28,585,000</u>	3.50%	Jul 2032
C. Capital Leases:			
Fort Bayou fire truck	\$ 28,601	4.22%	Dec 2014
Catepillar truck	108,068	3.00%	May 2015
Network software	<u>281,752</u>	3.00%	July 2016
Total Capital Leases	\$ <u>418,421</u>		
D. Other Loans:			
Fort Bayou fire department	\$ 173,523	5.26%	Jan 2017
Forts Lake/Franklin Creek VFD	147,554	4.26%	Mar 2017
Jackson County Airport Authority loan	250,000	2.98%	Jan 2014
Latimer VFD	27,348	4.25%	Jul 2018
Vancleave - 2 trucks	25,737	2.25%	Mar 2014
3 Rivers tanker	29,819	2.88%	Jul 2014
2010A - general obligation note	3,877,750	2.57%	Mar 2015
General obligation note, series 2012	2,420,000	2.57%	Apr 2017
Rail loan	<u>827,776</u>	0.00%	Mar 2026
Total Other Loans	\$ <u>7,779,507</u>		

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(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
2014	\$ 5,230,000	688,628	1,045,000	1,050,762
2015	3,015,000	525,828	1,075,000	1,019,412
2016	2,315,000	422,672	1,120,000	976,413
2017	2,775,000	308,528	1,165,000	931,612
2018	1,685,000	207,132	1,210,000	885,012
2019-2023	2,585,000	197,064	6,955,000	3,534,910
2024-2028	-	-	8,315,000	2,170,998
2029-2033	-	-	7,700,000	682,838
Total	\$ 17,605,000	2,349,852	28,585,000	11,251,957

Year Ending September 30	Other Loans	
	Principal	Interest
2014	3,014,812	135,663
2015	2,696,100	65,833
2016	771,625	26,641
2017	735,862	11,661
2018	66,667	-
2019-2023	333,335	-
2024-2028	161,106	-
Total	7,779,507	239,798

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2013, the amount of outstanding debt was equal to 1.40% 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, 2013

(14) Long-term Debt (continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 1,311,739	168,733		269,956	1,750,428	NA
General obligation bonds	22,600,000		(4,995,000)		17,605,000	5,230,000
Add:						
Premiums, Net	172,237		(95,596)		76,641	NA
Limited obligation bonds	0	29,230,000	(645,000)		28,585,000	1,045,000
Capital Leases	731,527		(313,106)		418,421	226,418
Other loans	8,684,364	2,900,000	(3,804,857)		7,779,507	3,014,812
Total	\$ 33,499,867	32,298,733	(9,853,559)	269,956	56,214,997	9,516,230

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 \$44,449 for the year ended September 30, 2013.

(15) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2013:

Fund	Deficit Amount
Hazard Mitigation Fund	\$ 179,566
Hurricane Katrina Fund	2,982,640
Hurricane Gustav Fund	502,584
Hurricane Issac Fund	388,269
McInnis Boad Ramp Fund	15,020
Tideland Fund	116,943
CIAP Fund	193,996

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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(16) Contingencies (continued)

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.

General Obligation Debt Contingencies – The County issued general obligation bonds and notes to provide funds for constructing and improving capital facilities of the Jackson County Port Authority, a component unit of the County. Such debt is being retired from pledged resources of the Port Authority and, therefore, is reported as a liability of the Port Authority. However, because general obligation bonds and notes are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

Description	Balance at Sept. 30, 2013
General obligation bonds	\$ <u>255,000</u>

Hospital Revenue Bond and Note Contingencies – The County issues revenue bonds and notes 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, 2013, is \$110,054,660.

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

No commitment debt is repaid only by the entities for whom 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, 2013
Industrial revenue bonds and notes	\$ <u>56,750,706</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(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, 2013.

Condensed Statement of Net Assets:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Current assets	\$ 121,785	64,084	16,199	202,068
Capital assets	10,684	7,704	20,414	38,802
Total Assets	<u>132,469</u>	<u>71,788</u>	<u>36,613</u>	<u>240,870</u>
Current Liabilities	2,902	7,614	29,259	39,775
Noncurrent liabilities		11,917	32,532	44,449
Total Liabilities	<u>2,902</u>	<u>19,531</u>	<u>61,791</u>	<u>84,224</u>
Net position:				
Net investment in capital assets	10,684	7,704	20,414	38,802
Restricted	118,883			118,883
Unrestricted		43,872	(44,911)	(1,039)
Total Net Position	<u>\$ 129,567</u>	<u>51,576</u>	<u>(24,497)</u>	<u>156,646</u>

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

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Operating revenues	\$ 32,868	151,971	615,075	799,914
Operating expenses	(34,755)	(172,640)	(745,230)	(952,625)
Depreciation expense	(8,828)		(1,299)	(10,127)
Operating Income (Loss)	<u>(10,715)</u>	<u>(20,669)</u>	<u>(131,454)</u>	<u>(162,838)</u>
Interest Income	417		251	668
Transfers in			100,000	100,000
Change in Net Position	<u>(10,298)</u>	<u>(20,669)</u>	<u>(31,203)</u>	<u>(62,170)</u>
Net Position - Beginning	<u>139,865</u>	<u>72,245</u>	<u>6,706</u>	<u>218,816</u>
Net Position - Ending	<u>\$ 129,567</u>	<u>51,576</u>	<u>(24,497)</u>	<u>156,646</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(18) Segment Information for Enterprise Funds (continued)

Condensed Statement of Cash Flows:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Net cash provided (used) by:				
Operating activities	(3,152)	(16,041)	(132,440)	(151,633)
Capital financing activities				-
Noncapital financing activities			100,000	100,000
Investing activities	417		251	668
Net increase (decrease) in cash	(2,735)	(16,041)	(32,189)	(50,965)
Cash - Beginning of Year	124,520	80,125	48,388	253,033
Cash - End of Year	\$ 121,785	64,084	16,199	202,068

(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 2013.

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 2013.

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 \$387,500 for support of the Jackson County Economic Development Foundation in fiscal year 2013.

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 2013.

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 2013.

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 appropriated \$100,100 for support of the LaPointe-Krebs Foundation in fiscal year 2013.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(19) Jointly Governed Organizations (continued)

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 \$8,020,734 for maintenance and support of the college in the fiscal year 2013.

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.

(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 14.26% through June 30, 2013, and 15.75% through September 2013 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, 2013, 2012 and 2011 were \$4,010,792, \$3,419,948, and \$3,114,702, 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 July 22, 2014, (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:

Subsequent to September 30, 2013, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/24/2013	.5-2.8%	6,595,000	Refunding Bond	Tax Revenue

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2013

(21) Subsequent Events (continued)

The County entered into the following transactions subsequent to September 30, 2013:

The County awarded a construction contract to Max Foote Construction for construction of the water treatment plant in the amount of \$9,217,930 – EPA fund project.

Also awarded was a construction contract to Fletcher Construction for Signet Marine environmental slab in the amount of \$523,396 – CDBG Signet Marine fund project.

An increase in CDBG grant funds for the construction of Hwy 611 flyover was increased by \$4.8 million making total grant award \$39,800,000.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 41,534,352	44,220,538	44,189,773	(30,765)
Licenses, commissions and other revenue	1,917,000	2,067,352	2,067,352	-
Fines and forfeitures	1,372,400	1,494,310	1,494,310	-
Intergovernmental revenues	4,912,481	4,629,574	4,628,973	(601)
Charges for services	456,000	628,250	628,250	-
Interest income	141,950	298,485	285,319	(13,166)
Miscellaneous revenues	1,340,563	1,271,100	1,249,898	(21,202)
Total Revenues	<u>51,674,746</u>	<u>54,609,609</u>	<u>54,543,875</u>	<u>(65,734)</u>
EXPENDITURES				
Current:				
General government	26,986,521	23,963,265	23,963,265	-
Public safety	16,515,409	16,219,496	16,219,496	-
Public works	2,384,862	1,308,467	1,308,467	-
Health and welfare	2,581,366	2,350,934	2,350,934	-
Culture and recreation	3,435,731	3,335,759	3,335,759	-
Education	850,000	358,489	358,489	-
Conservation of natural resources	313,912	298,866	298,866	-
Economic development and assistance	1,705,382	1,699,923	1,699,923	-
Debt service:				
Principal	2,438,039	940,012	940,012	-
Interest	65,774	689,866	689,866	-
Total Expenditures	<u>57,276,996</u>	<u>51,165,077</u>	<u>51,165,077</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(5,602,250)</u>	<u>3,444,532</u>	<u>3,378,798</u>	<u>(65,734)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,000	13,454	13,454	-
Compensation for loss of capital assets		21,379	21,379	-
Transfers in	1,500,000	36,145	21,145	(15,000)
Transfers out	(9,000)	(215,019)	(200,019)	15,000
Total Other Financing Sources and Uses	<u>1,494,000</u>	<u>(144,041)</u>	<u>(144,041)</u>	<u>-</u>
Net Change in Fund Balance	(4,108,250)	3,300,491	3,234,757	(65,734)
Fund Balances - Beginning	<u>(2,254,078)</u>	<u>7,290,439</u>	<u>22,848,844</u>	<u>15,558,405</u>
Prior period adjustments	-	-	(443,099)	(443,099)
Fund Balances - Ending	<u>\$ (6,362,328)</u>	<u>10,590,930</u>	<u>25,640,502</u>	<u>15,049,572</u>

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

JACKSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 14,789,472	15,145,578	15,145,578	-
Road and bridge privilege taxes	1,650,000	1,856,772	1,856,772	-
Intergovernmental revenues	1,014,000	1,328,184	1,328,184	-
Interest income		27,130	27,130	-
Miscellaneous revenues		144,171	144,171	-
Total Revenues	<u>17,453,472</u>	<u>18,501,835</u>	<u>18,501,835</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	21,220,454	18,303,063	18,303,063	-
Debt service:				
Principal	1,815,654			-
Interest				-
Total Expenditures	<u>23,036,108</u>	<u>18,303,063</u>	<u>18,303,063</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	(5,582,636)	198,772	198,772	-
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		124,885	124,885	-
Transfers in	1,400,000			-
Transfers out		(1,815,654)	(1,815,654)	-
Total Other Financing Sources and Uses	<u>1,400,000</u>	<u>(1,690,769)</u>	<u>(1,690,769)</u>	<u>-</u>
Net Change in Fund Balance	(4,182,636)	(1,491,997)	(1,491,997)	-
Fund Balances - Beginning	<u>(3,108,056)</u>	<u>5,329,606</u>	<u>8,309,392</u>	<u>2,979,786</u>
Fund Balances - Ending	<u>\$ (7,290,692)</u>	<u>3,837,609</u>	<u>6,817,395</u>	<u>2,979,786</u>

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

JACKSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Correctional Facility Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$			-
Road and bridge privilege taxes				-
Intergovernmental revenues				-
Interest income				-
Miscellaneous revenues				-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	1,735,373	1,669,970	1,669,970	-
Total Expenditures	<u>1,735,373</u>	<u>1,669,970</u>	<u>1,669,970</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	(1,735,373)	(1,669,970)	(1,669,970)	-
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	868,032	1,542,304	1,542,304	-
Total Other Financing Sources and Uses	<u>868,032</u>	<u>1,542,304</u>	<u>1,542,304</u>	<u>-</u>
Net Change in Fund Balance	(867,341)	(127,666)	(127,666)	-
Fund Balances - Beginning				-
Fund Balances - Ending	<u>\$ (867,341)</u>	<u>(127,666)</u>	<u>(127,666)</u>	<u>-</u>

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

JACKSON COUNTY
 Schedule of Funding Progress - Other Postemployment Benefits
 September 30, 2013

<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, 2013	\$ 0	\$ 2,210,652	\$ 2,210,652	0%	\$ 23,849,343	9.3%
July 1, 2010	September 30, 2010	0	1,331,981	1,331,981	0%	21,070,951	6.3%
July 1, 2010	September 30, 2009	0	1,153,576	1,153,576	0%	21,070,951	5.5%

JACKSON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2013

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	Correctional Facility Fund
Budget (Cash Basis)	\$ 3,234,757	(1,491,997)	(127,666)
Increase (Decrease)			
Net adjustments for revenue accruals	8,749	(10,535)	27,859,348
Net adjustments for expenditure accruals	188,786	(353,179)	(56,802)
GAAP Basis	\$ 3,432,292	(1,855,711)	27,674,880

SUPPLEMENTARY INFORMATION

JACKSON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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	\$ 7,695
National School Lunch Program	10.555	N/A	11,234
Total Child Nutrition Cluster			<u>18,929</u>
Passed-Through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665	N/A	<u>48,950</u>
Passed-Through the Mississippi Soil & Water Conservation Commission			
ARRA-Emergency Watershed Protection Program	10.923	69-4423-9-1888	<u>798</u>
Total U.S. Department of Agriculture			<u>68,677</u>
U.S. Department of Housing and Urban Development			
Passed-through the Mississippi Development Authority			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-05-KED	7,876,778
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-06-KED	8,590,445
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-08-KED	163,830
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-09-KED	<u>1,937,848</u>
Subtotal			<u>18,568,901</u>
Economic Development Initiative - Special Project Division (Direct Award)(Note C)	14.251	B-10-SP-MS-0228	419,949
Economic Development Initiative - Special Project Division (Direct Award)	14.251	B-09-SP-MS-0275	<u>47,288</u>
Total U.S. Department of Housing and Urban Development			<u>19,036,138</u>
U.S. Department of the Interior/Fish and Wildlife Service			
Coastal Impact Assistance Program (Direct Award) (Note D)*	15.668	MS.30.701	2,856
Coastal Impact Assistance Program (Direct Award) (Note D)*	15.668	MS.30.705	44,858
Coastal Impact Assistance Program (Direct Award) (Note D)*	15.668	MS.30.708	299,091
Coastal Impact Assistance Program (Direct Award) (Note D)*	15.668	MS.30.712	81,022
Coastal Impact Assistance Program (Direct Award) (Note D)*	15.668	MS.30.713	571,148
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.716	<u>104,598</u>
Subtotal			<u>1,103,573</u>
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>7,329</u>
Total U.S. Department of Interior			<u>1,110,902</u>

JACKSON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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 Mississippi Department of Public Safety Youth Court Electronic Monitoring	16.523	2010-JB-FX-0090	3,699
Passed-through the University of Southern Mississippi Project Safe Neighborhood 2011	16.609	USM-GR04438-02-PSN2011	5,665
Edward Byrne Memorial Justice Assistance Grant Program (Direct Award)	16.738	2011-DJ-BX-3316	<u>18,527</u>
Total U.S. Department of Justice			<u>27,891</u>
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program (Direct Award)	20.106	N/A	62,381
Federal Highway Administration			
Passed-through the Mississippi Department of Transportation			
AARA - Highway Planning and Construction Highway Planning and Construction	20.205	105671-702000 106460-121100	22,330 10,000
Office of State Aid			
Highway Planning and Construction	20.205	BR-0116-14-B	8,785
Highway Planning and Construction	20.205	MS-134-030-1-B	117,457
Highway Planning and Construction	20.205	STP-9065-1-B	<u>267,192</u>
Subtotal			<u>425,764</u>
National Highway Traffic Safety Administration/ Passed-through the Mississippi Department of Public Safety Division of Public Safety Planning			
Occupant Protection	20.600	13-OP-130-1	7,366
Office of Highway Safety Alcohol Open Container Requirements	20.607	13-K8-130-1	<u>77,032</u>
Subtotal			<u>84,398</u>
Office of Pipeline and Hazardous Materials Safety Administration/ Passed-through the Mississippi Emergency Management Agency Hazardous Materials Emergency Preparedness Grant			
	20.703	10613174	<u>6,251</u>
Total U.S. Department of Transportation			<u>578,794</u>
U.S. Environmental Protection Agency			
Special Water Infrastructure Project (Direct Award) (Note E)	66.202	XP984459-98-0	<u>251,426</u>
Total U.S. Environmental Protection Agency			<u>251,426</u>
U.S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance*	97.036	1604-DR-MS	2,057,689
Disaster Grants - Public Assistance*	97.036	1794-DR-MS	99,732
Disaster Grants - Public Assistance*	97.036	4081-DR-MS	<u>684,996</u>
Subtotal			<u>2,842,417</u>

JACKSON COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Hazard Mitigation Grant*	97.039	1604-0044	30,062
Hazard Mitigation Grant* (Note F)	97.039	1604-0080	35,952
Hazard Mitigation Grant*	97.039	1604-0204	203,519
Hazard Mitigation Grant*	97.039	1604-0345	450,789
Hazard Mitigation Grant*	97.039	1604-0346	256,758
Hazard Mitigation Grant*	97.039	1794-2302	19,470
Subtotal			996,550
 Emergency Management Performance Grant	 97.042	 13EMPG	 94,975
 Pre-Disaster Mitigation Program	 97.047		 40,500
Passed-through the Mississippi Department of Public Safety			
Homeland Security Grant	97.067	09PG030	25,130
Homeland Security Grant	97.056	10PG030	11,138
Homeland Security Grant	97.056	11PG030	171,160
Subtotal			207,428
 Total U.S. Department of Homeland Security			 4,181,870
 Total Expenditures of Federal Awards			 \$ 25,255,698

Note A - Significant Accounting Policies

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

Note B - Community Development Block Grant

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$18,568,901 to subrecipients.

Note C - Economic Development Initiative - Special Project Division

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$419,949 to subrecipients during the year ended September 30, 2013.

Note D - Coastal Impact Assistance Program Grant

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$1,100,717 to subrecipients during the year ended September 30, 2013.

Note E - Special Water Infrastructure Grant

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$251,426 to subrecipients during the year ended September 30, 2013.

Note F - Hazard Mitigation Grant

Of the federal expenditures presented in the schedule, the County provided federal awards totaling \$35,952 to subrecipients during the year ended September 30, 2013.

* Denotes major federal award program

OTHER INFORMATION

JACKSON COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2013

<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	Western Surety Company	100,000
Chancery Clerk	Travelers	100,000
Purchase Clerk	Western Surety Company	75,000
Assistant Purchase Clerk	Western Surety Company	75,000
Receiving Clerk	Western Surety Company	50,000
Assistant Receiving Clerk	Western Surety Company	50,000
Inventory Control Clerk	Western Surety Company	75,000
Assistant Inventory Control Clerk	Western Surety Company	50,000
Constable District 1	Travelers	50,000
Constable District 2	Western Surety Company	50,000
Constable District 3	Travelers	50,000
Constable District 4	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

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1929)

Certified Public Accountants

HANCOCK BANK BUILDING

2510 - 14TH STREET

P. O. BOX 129

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

July 22, 2014

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, 2013, and the related notes to the financial statements, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated July 22, 2014. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets 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: 2013-1, 2013-2 and 2013-3.

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: 2013-4, and 2013-5 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*.

However, we noted certain matters that we reported to the management of the County in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated July 22, 2014, 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.

Wahit Ward White # 2

WRIGHT, WARD, HATTEN & GUEL

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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

July 22, 2014

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, 2013. 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.

Basis for Qualified Opinion on the Hazard Mitigation Program

As described in the accompanying schedule of findings and questioned costs as finding 2013-6, Jackson County did not comply with requirements regarding equipment and real property management that are applicable to its Hazard Mitigation Grant. Compliance with such requirements is necessary, in our opinion, for Jackson County to comply with the requirements applicable to that program.

Qualified Opinion on the Hazard Mitigation Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Hazard Mitigation Program for the year ended September 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

Other Matters

Jackson County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Jackson County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-6 to be material weaknesses.

Jackson County's response to the internal control over compliance findings identified in our audit is described in the accompanying auditee's corrective action plan. Jackson County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Walter Wood White & Paul

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

July 22, 2014

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, 2013. 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.

The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets.

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. As reported in prior audit reports, capital asset control procedures were inadequate for maintaining subsidiary records documenting the existence, completeness and valuation of capital assets, including the County's infrastructure. Accordingly, the appropriate amount for depreciation expense has not been recorded on the capital assets. The County's lack of documentation indicates material weaknesses in the County's internal control related to capital assets. Therefore, the Independent Auditor's Report includes a qualified opinion on the governmental activities. 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 Inventory Control Clerk should implement policies and procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets, including the county's infrastructure. To ensure that records are accurate and complete, the Inventory Control Clerk should work with all involved department managers and other individuals as necessary to perform a comprehensive physical inventory on an annual basis.

Inventory Control Clerk's Response

The Inventory Control Clerk is working diligently to correct this problem and bring all infrastructures into the county's financial statements.

In our opinion, except as explained in the third paragraph and except for the noncompliance 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, 2013.

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 Hutton & Sons

JACKSON COUNTY, MISSISSIPPI
 Schedule of Purchases Not Made From the Lowest Bidder
 For the Year Ended September 30, 2013

Schedule 1

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting Other Than the Lowest Bid
3/11/2013	(2) Crawler dozers	\$ 237,134	Puckett Machinery	\$ 234,482	Best warranty for under carriage
3/11/2013	Hydraulic Excavator with long under carriage	142,000	Stribling Equipment	119,900	Lowest bid did not meet all of the bid specifications
3/11/2013	Hydraulic excavator with long under carriage and hydraulic	138,700	Lyle Machinery	123,900	Lowest bid did not meet all of the bid specifications

JACKSON COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
------	-------------------	----------------	--------	-------------------------------

JACKSON COUNTY, MISSISSIPPI
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Schedule 3

Date	Item Purchased	Amount Paid	Vendor
1/14/2013	Delta software	\$ 6,850	Delta Computer Systems, Inc.
2/4/2013	Fire training equipment	20,863	Surrey Fire Safety
8/12/2013	Jet docking systems	48,463	Jet Dock Systems, Inc.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

July 22, 2014

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, 2013, 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 July 22, 2014 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 certain areas 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 two reemployed retirees Form 4B were not submitted within the five days after rehire as required by PERS. It was also noted that two independent contractors of the tax collector's office were determined by PERS to be employees. The County is issuing 1099's when they should be issuing w-2s thus not complying with Section 25-11-127, Miss. Code Ann. (1972).

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. Sheriff's Office.

Finding:

Per Section 19-25-13, Miss. Code Ann. (1972), undercover investigators are allowed a clothing allowance up to \$400 per fiscal year. During testing it was noted that two undercover investigators were reimbursed more than \$400 for the clothing allowance.

Recommendation

The County should comply with Section 19-25-13, Miss. Code Ann. (1972).

Sheriff's Response:

We will comply with recommendation of auditor's finding.

3. Justice Court/Sheriff's Office.

Finding:

Section 47-1-47, Miss. Code Ann. (1972) sets the guidelines for prisoners working to earn credit against fines and costs assessed. In several instances inmates working were credited erroneously due to incorrect calculation from the sheriff's office. Also, there were several instances in which the Justice Court collection clerk erroneously applied credit to prisoners' balances.

Recommendation

The County should comply with Section 47-1-47, Miss. Code Ann. (1972).

Justice Court/Sheriff's Office Response:

The time sheet used to track inmates' work is being recreated and time will be monitored on a consistent basis to make sure amounts are applied accurately to their balances.

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.

Wright Ward White & Huff

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JACKSON COUNTY, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2013

Section I: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Qualified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Road Fund | Unmodified |
| Correctional Facility Fund | Unmodified |
| 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? | Yes |
| b. Significant deficiencies identified | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | |
| Unmodified for all major programs except for the Hazard Mitigation Grant Program, which was qualified. | |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ____ .510(a) of OMB Circular A-133? | Yes |
| 7. Identification of major programs: | |
| a. Community development block grants/state's program
CFDA #14.228 | |
| b. Coastal impact assistance program CFDA #15.668 | |
| c. Disaster grants – public assistance, CFDA #97.036 | |
| d. Hazard mitigation grant, CFDA #97.039 | |
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$757,671 |
| 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, 2013

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2013-1 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.

Inventory Control Clerk

Material Weakness

2013-2 Capital assets subsidiary ledgers are not complete.

Finding

Capital asset control procedures were inadequate for maintaining subsidiary records documenting the existence, completeness and valuation of capital assets, including the County's infrastructure. During our audit testing, we noted numerous capital asset additions for the year that were not recorded in the County's subsidiary records. As a result, the appropriate amount for depreciation expense has not been recorded on the capital assets and the existence, completeness, and valuation of capital assets is not reasonably determinable.

Recommendation

The Inventory Control Clerk should implement policies and procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets, including the County's infrastructure. To ensure that records are accurate and complete, the Inventory Control Clerk should work with all involved department managers and other individuals as necessary to perform a comprehensive physical inventory on an annual basis.

Tax Collector

Material Weakness

2013-3 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.

JACKSON COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

The office manager and assistant office manager in the Ocean Springs tax collector's office count the money together, prepare the deposit slips and then take deposits to the bank.

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. There should be adequate separation in the counting, preparation and depositing of money from the Ocean Springs office.

Planning Department/Accounts Payable

Significant Deficiency

2013-4 Improper documentation and inadequate internal controls over accounts payable.

Finding

Planning department employees are not submitting complete and detailed invoices to the accounts payable department for purchase orders. Payments are being generated by the accounts payable department from incomplete invoices related to CIAP and Hazard Mitigation grants.

Recommendation

Before payment is processed, complete and detailed invoices should be submitted to the County Finance Department.

Board of Supervisors

Significant Deficiency

2013-5 Auditor's assistance required to complete the Schedule of Expenditures of Federal Awards.

Board of Supervisors

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.

JACKSON COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 3: Federal Award Findings and Questioned Costs

Material Noncompliance

Material Weakness in Internal Control Over Compliance

2013-6 Controls over equipment and real property management should be strengthened.

Finding

Program: CFDA #97.039 Hazard Mitigation Grant
Grant Number - 1604-0204
U.S. Department of Homeland Security
Passed- through the Mississippi Emergency Management Agency

Compliance Requirements: Equipment and Real Property Management

The OMB *Circular A-133 Compliance Supplement* specifies that title to equipment acquired by a non-federal entity with federal awards vests with the non-federal entity. Furthermore, subrecipients of states who are local governments shall use, manage and dispose of equipment acquired under a subgrant from a state in accordance with state laws and procedures.

Two parcels of land, and the buildings located on them, were not included in the County's inventory system. As a result, the property was not properly accounted for in the County's inventory system.

Questioned Costs

None

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*.

BOARD OF SUPERVISORS
Jackson County, Mississippi

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Comptroller
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CORRECTIVE ACTION PLAN

July 22, 2014

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, 2013.

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

13-1 Corrective Action Planned:

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

Anticipated Completion Date: September 2015

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

13-2 Corrective Action Planned:

Inventory Control Clerk is working diligently to correct this problem and bring all infrastructure into the county's financial statements.

Anticipated Completion Date: September 2014

Name of Contact Person Responsible for Corrective Action:

Nancy Anglada, Inventory Control Manager

13-3 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

13-4 Corrective Action Planned:

Jackson County will establish adequate internal control system to ensure that the Finance Department has complete and detailed invoices prior to payment.

Anticipated Completion Date: July 2014

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

13-5 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 2013

Name of Contact Person Responsible for Corrective Action:

Barbara Dumas, Grant Administrator

SECTION 3: FEDERAL AWARD FINDINGS

13-6 Corrective Action Planned:

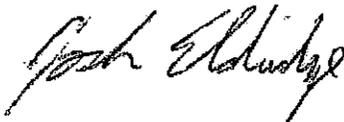
Planning department will forward to inventory control all relevant information to accomplish this task upon receipt of closing documents.

Anticipated Completion Date: August 2014

Name of Contact Person Responsible for Corrective Action:

Nancy Anglada, Inventory Control Manger and Michele Coats, Planning Director

Sincerely,



Josh Eldridge
Comptroller
228-769-3155

BOARD OF SUPERVISORS
Jackson County, Mississippi

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July 22, 2014

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2013

Gentlemen:

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

U.S. DEPARTMENT OF HOMELAND SECURITY

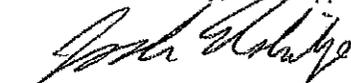
2012 – Finding 12-7 CFDA #97.039 – Hazard Mitigation Grant – Grant Number – 1604-0204

Condition: During audit testing procedures, parcels of land and buildings located on them, were no 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 forwards to inventory control all relevant information to accomplish this task upon receipt of closing documents.

Sincerely,
Jackson County, Mississippi


Josh Eldridge, Comptroller