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JACKSON COUNTY, MISSISSIPPI
Audited Financial Statements
and Special Reports
For the Year Ended September 30, 2012

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

GULFPORT, MISSISSIPPI 39502

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September 25, 2013

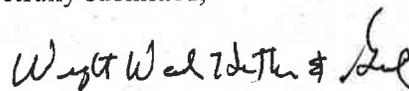
Members of the Board of Supervisors
Jackson County, Mississippi

Dear Board Members:

We are pleased to submit to you the 2012 financial and compliance audit report for Jackson County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,



Wright, Ward, Hatten and Guel, CPAs

JACKSON COUNTY, MISSISSIPPI

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

September 25, 2013

Members of the Board of Supervisors
Jackson County, Mississippi

We have audited the accompanying financial statements of the government 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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1(I) to the financial statements, 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 assets, and expenses of the government activities is not reasonably determinable.

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 assets, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Jackson County, Mississippi, as of September 30, 2012 or the changes in the financial position thereof for the year then ended.

In addition, in our opinion, except for the effects of the matter discussed in the third paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of Jackson County, Mississippi, as of September 30, 2012, and the changes in the financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Finally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County, Mississippi as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013, on our consideration of the County'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and corresponding notes and the Schedule of Funding Progress – Other Postemployment Benefits 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 response 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Mississippi's financial statements as a whole. The accompanying 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 not a required part of the 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 financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Surety Bonds for county Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FINANCIAL STATEMENTS

JACKSON COUNTY, MISSISSIPPI
Statement of Net Assets
September 30, 2012

Exhibit I

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 59,124,313	253,033	59,377,346
Property tax receivable	75,887,832		75,887,832
Fines receivable (net of allowance for uncollectibles of \$11,402,350)	6,838,452		6,838,452
Loans receivable	32,346		32,346
Intergovernmental receivables	5,826,311		5,826,311
Other receivables	52,876		52,876
Prepaid insurance	627,024		627,024
Deferred charges - issuance cost	214,590		214,590
Restricted assets - investments	1,052,565		1,052,565
Capital assets:			
Land and construction in progress	23,528,445	6,478	23,534,923
Other capital assets, net	122,762,932	42,503	122,805,435
Total Assets	<u>295,947,686</u>	<u>302,014</u>	<u>296,249,700</u>
LIABILITIES			
Claims payable	8,820,294	40,557	8,860,851
Intergovernmental payables	1,369,749		1,369,749
Accrued interest payable	306,403		306,403
Deferred revenue	75,887,832		75,887,832
Deferred revenue - grants	5,707,446		5,707,446
Other payables	627,171		627,171
Long-term liabilities			
Other postemployment benefits payable	373,791		373,791
Due within one year:			
Capital debt	5,948,399		5,948,399
Non-capital debt	2,407,163		2,407,163
Due in more than one year:			
Capital debt	14,827,776		14,827,776
Non-capital debt	10,316,529	42,641	10,359,170
Total Liabilities	<u>126,592,553</u>	<u>83,198</u>	<u>126,675,751</u>
NET ASSETS			
Invested in capital assets, net of related debt	125,515,202	48,981	125,564,183
Restricted:			
Expendable:			
Debt service	11,956,080		11,956,080
Public safety	1,579,825	120,302	1,700,127
Public works	9,056,629		9,056,629
Conservation of natural resources	1,746		1,746
Economic development	348,448		348,448
Unemployment compensation	82,931		82,931
Capital projects	2,102,851		2,102,851
Unrestricted	18,711,421	49,533	18,760,954
Total Net Assets	<u>\$ 169,355,133</u>	<u>\$ 218,816</u>	<u>\$ 169,573,949</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, 2012

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	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	\$ 38,486,504	3,943,095	3,528,422	660,280	(30,354,707)		(30,354,707)
Public safety	22,833,557	840,677	1,698,506		(20,294,374)		(20,294,374)
Public works	17,629,623			561,306	(17,068,317)		(17,068,317)
Health and welfare	7,440,317		64,916	5,325,739	(2,049,662)		(2,049,662)
Culture and recreation	5,884,897		52,999	280,051	(5,551,847)		(5,551,847)
Education	866,572		15,563		(851,009)		(851,009)
Conservation of natural resources	316,656		11,677	125,647	(179,332)		(179,332)
Economic development and assistance	12,351,704	318,355		18,058,702	6,025,353		6,025,353
Interest on long-term debt	1,421,973				(1,421,973)		(1,421,973)
Total Governmental Activities	107,231,803	5,102,127	5,372,083	25,011,725	(71,745,868)		(71,745,868)
Business-type activities:							
Adult detention center canteen fund	39,544	37,974			(1,570)		(1,570)
Harbor	143,815	148,002			4,187		4,187
Golf course	694,668	658,098			(36,570)		(36,570)
Total Business-type Activities	878,027	844,074			(33,953)		(33,953)
Total Primary Government	108,109,830	5,946,201	5,372,083	25,011,725	(71,745,868)		(71,779,821)
General revenues:							
Property taxes					72,528,911		72,528,911
Road & bridge privilege taxes					1,802,588		1,802,588
Grants and contributions not restricted to specific programs					17,787,236		17,787,236
Unrestricted interest income					672,422	1,287	673,709
Miscellaneous					4,511,297		4,511,297
Special item - debt forgiveness					10,500,000		10,500,000
Total general revenues, and special items					107,802,454	1,287	107,803,741
Change in Net Assets					36,056,586	(32,666)	36,023,920
Net Assets - Beginning, as previously reported					133,194,272	251,482	133,445,754
Prior period adjustments					104,275		104,275
Net Assets - Beginning, as restated					133,298,547	251,482	133,550,029
Net Assets - Ending					169,355,133	218,816	169,573,949

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

JACKSON COUNTY, MISSISSIPPI
 Balance Sheet - Governmental Funds
 September 30, 2012

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Road Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 15,704,437	8,524,159	31,378,607	55,607,203
Property tax receivable	43,284,352	14,789,472	17,814,008	75,887,832
Fines receivable (net of allowance for uncollectable of \$11,402,350)	6,838,452			6,838,452
Loans receivable			32,346	32,346
Intergovernmental receivables	734,723		5,091,588	5,826,311
Other receivables	52,876			52,876
Restricted Assets - Investments	1,052,565			1,052,565
Due from other funds	5,946,529	259,387	266,938	6,472,854
Advances to other funds	2,731,814			2,731,814
Total Assets	\$ 76,345,748	23,573,018	54,583,487	154,502,253
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 2,350,219	772,851	5,470,213	8,593,283
Intergovernmental payables	1,369,749			1,369,749
Due to other funds	510,991		6,071,529	6,582,520
Advances from other funds			2,731,814	2,731,814
Deferred revenue	50,122,804	14,789,472	17,814,008	82,726,284
Deferred revenue - grants			5,707,446	5,707,446
Other payables	517,505			517,505
Total Liabilities	54,871,268	15,562,323	37,795,010	108,228,601
Fund balances:				
Nonspendable:				
Advances	2,731,814			2,731,814
Restricted for:				
Debt Service			12,262,483	12,262,483
Loans receivable			32,346	32,346
Tort claims	1,052,565			1,052,565
Unemployment compensation			82,931	82,931
Committed to:				
Public Works		8,010,695	1,045,934	9,056,629
Economic Development and Assistance			316,102	316,102
Assigned to:				
Other Purposes			3,048,681	3,048,681
Unassigned	17,690,101			17,690,101
Total Fund Balances	21,474,480	8,010,695	16,788,477	46,273,652
Total Liabilities and Fund Balances	\$ 76,345,748	23,573,018	54,583,487	154,502,253

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 Assets
 September 30, 2012

Exhibit 3-1

Total funds balance - Governmental Funds \$ 46,273,652

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (See Note 8). 146,291,377

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 6,838,452

Long-term liabilities are not due and payable in the current period expenditures and therefore are not reported in the funds. (33,499,867)

Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds (373,791)

Accrued interest not due and payable in the current period expenditures and, therefore, not reported in the funds. (306,403)

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 Assets 3,290,099

Bond issuance cost, net of amortization 214,590

Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds. 627,024

Total Net Assets - Governmental Activities \$ 169,355,133

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, 2012

Exhibit 4

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund		
REVENUES				
Property taxes	\$ 38,993,423	14,988,221	18,547,267	\$ 72,528,911
Road and bridge privilege taxes		1,802,588		1,802,588
Licenses, commissions and other revenue	1,917,512			1,917,512
Fines and forfeitures	1,533,687		288,615	1,822,302
Intergovernmental revenues	10,455,641	2,335,651	35,379,752	48,171,044
Charges for services	594,856			594,856
Interest income	436,605	64,383	151,104	652,092
Miscellaneous revenues	1,553,040	344,677	2,580,170	4,477,887
Total Revenues	<u>55,484,764</u>	<u>19,535,520</u>	<u>56,946,908</u>	<u>131,967,192</u>
EXPENDITURES				
Current:				
General government	29,050,057		11,021,551	40,071,608
Public safety	16,730,206		6,447,910	23,178,116
Public works	1,453,765	20,503,264	9,173,462	31,130,491
Health and welfare	2,318,592		5,157,977	7,476,569
Culture and recreation	3,310,443		2,590,310	5,900,753
Education	884,713			884,713
Conservation of natural resources	301,903		7,850	309,753
Economic development and assistance	1,848,434		10,567,164	12,415,598
Debt service:				
Principal	431,468	1,706,210	7,151,080	9,288,758
Interest and debt service fees	33,925	87,459	1,300,589	1,421,973
Bond issue costs			243,219	243,219
Total Expenditures	<u>56,363,506</u>	<u>22,296,933</u>	<u>53,661,112</u>	<u>132,321,551</u>
Excess of Revenues over/(under) Expenditures	<u>(878,742)</u>	<u>(2,761,413)</u>	<u>3,285,796</u>	<u>(354,359)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			100,000	100,000
Refunding bonds issued			6,865,000	6,865,000
Premiums on bonds issued			97,117	97,117
Proceeds from sale of capital assets	6,391		6,570	12,961
Compensation for loss of capital assets	17,311	1,194	1,944	20,449
Transfers in	192,365	1,204,444	1,559,742	2,956,551
Transfers out	(559,980)		(2,396,571)	(2,956,551)
Payments to refunded bond escrow agent			(6,640,000)	(6,640,000)
Total Other Financing Sources and Uses	<u>(343,913)</u>	<u>1,205,638</u>	<u>(406,198)</u>	<u>455,527</u>
Net Changes in Fund Balances	<u>(1,222,655)</u>	<u>(1,555,775)</u>	<u>2,879,598</u>	<u>101,168</u>
Fund Balances - Beginning	<u>22,697,135</u>	<u>9,566,470</u>	<u>13,908,879</u>	<u>46,172,484</u>
Fund Balances - Ending	\$ <u>21,474,480</u>	<u>8,010,695</u>	<u>16,788,477</u>	\$ <u>46,273,652</u>

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, 2012

Exhibit 4-1

Net changes in fund balances -governmental funds \$ 101,168

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 \$20,165,635 exceeded depreciation expense \$5,078,791. 15,086,844

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 assets differs from the change in fund balances by the amount of the net loss of \$59,835 and the proceeds from the sale of \$12,961 in the current period. (46,874)

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. 720,867

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$15,928,758 exceeded debt proceeds of \$6,965,000. 8,963,758

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 assets differs from the change in fund balances by a combination of the following items:

Bond issue cost amortization	(160,400)
Bond premium amortization	(63,571)
Change in accrued interest payable	170,675
Change in compensated absences	67,186

Debt forgiveness of the Community Disaster Loan is not recognized as income in the fund statements; however, the forgiveness is recognized as income in the Statement of Activities. 10,500,000

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. 796,100

Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds. (79,167)

Change in net assets of governmental activities \$ 36,056,586

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 Assets - Proprietary Fund
For the Year Ended September 30, 2012

Exhibit 6

	Business-type Activities Enterprise Funds	Governmental Activities
	<u>Non-major Funds</u>	<u>Internal Service Fund</u>
Operating Revenues		
Sales and charges for services	\$ 844,074	
Premiums		7,104,859
Miscellaneous		204,918
Total Operating Revenues	<u>844,074</u>	<u>7,309,777</u>
Operating Expenses		
Personal services	553,984	
Contractual services	154,464	
Materials and supplies	159,192	
Depreciation expense	10,387	
Claims payments		5,944,835
Administrative		144,417
Insurance premiums		444,755
Total Operating Expenses	<u>878,027</u>	<u>6,534,007</u>
Operating Income (Loss)	(33,953)	775,770
Nonoperating Revenues (Expenses)		
Interest Income	1,287	20,330
Net Nonoperating Revenue (Expenses)	<u>1,287</u>	<u>20,330</u>
Changes in Net Assets	(32,666)	796,100
Net Assets - Beginning	<u>251,482</u>	<u>2,493,999</u>
Net Assets - Ending	<u>\$ 218,816</u>	<u>3,290,099</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, 2012

Exhibit 7

	Business-type Activites Enterprise Funds	Governmental Activities
	Non-major Funds	Self-insurance Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 844,074	
Receipts for premiums		7,104,859
Payments to suppliers	(315,692)	
Payments to employees	(552,729)	
Payments for claims		(6,223,402)
Payments for insurance premiums		(444,755)
Other operating cash receipts		204,918
Other operating cash payments		(144,417)
Net Cash Provided (Used) by Operating Activities	<u>(24,347)</u>	<u>497,203</u>
Cash Flows From Capital Financing Activities		
Cash received from other funds:		
Capital expenditures	<u>(7,212)</u>	
Net Cash Provided (Used) by Capital Financing Activities	<u>(7,212)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest on deposits	<u>1,287</u>	<u>20,330</u>
Net Cash Provided (Used) by Noncapital Investing Activities	<u>1,287</u>	<u>20,330</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,272)	517,533
Cash and Cash Equivalents at Beginning of Year	<u>283,305</u>	<u>2,999,577</u>
Cash and Cash Equivalents at End of Year	<u>\$ 253,033</u>	<u>3,517,110</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ <u>(33,953)</u>	<u>775,770</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	10,387	
Changes in assets and liabilities:		
Increase (decrease) in claims payable	(2,036)	(278,567)
Increase (decrease) in compensated absences liability	1,255	
Total Adjustments	<u>9,606</u>	<u>(278,567)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (24,347)</u>	<u>497,203</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, 2012

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,075,151
Due from other funds	109,666
Total Assets	<u>\$ 1,184,817</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Intergovernmental payables	\$ 1,184,817
Total Liabilities	<u>\$ 1,184,817</u>

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(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 Assets 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 Assets 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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies (continued)

The Statement of Net Assets 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 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, or business-type activities or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

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 County's Proprietary Fund applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies (continued)

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.

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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies (continued)

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 2005 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.

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 fund balance reserves account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. 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. 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. However the capital assets amount reported on the accompanying Statement of Net Assets is not fairly presented because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's infrastructure. 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.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies (continued)

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.

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.

J. Long-term Liabilities.

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

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

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies (continued)

K. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

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, or unassigned. The following are descriptions of fund classifications used by the County:

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

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

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

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(1) Summary of Significant Accounting Policies (continued)

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.

L. Property Tax Revenues.

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

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

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

M. 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.

N. 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, 2012, the County did not implement any new accounting standards.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(3) Prior Period Adjustments

A prior period adjustment to the Statement of Activities in the amount of \$104,275 was made to correct recording in capital assets of the fire department.

(4) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2012, was \$60,452,497, and the bank balance was \$63,611,919. 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, 2012, 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>Total</u>	<u>Rating</u>
Hancock Horizons*	\$ 29,360			29,360	AAAm
GNMA Pools		17,784	210,753	228,537	AAA
U.S. Treasury Notes	167,180	627,488		794,668	AAA
Total	\$ 196,540	645,272	210,753	1,052,565	

*Hancock Horizons Treasury Securities Money Market Mutual Fund

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(4) Deposits and Investments (continued)

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, 2012:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 5,946,529
Road Fund	General Fund	259,387
Other Governmental Funds	General Fund	141,938
Other Governmental Funds	Other Governmental Funds	125,000
Agency Funds	General Fund	109,666
Total		<u>\$ 6,582,520</u>

The receivables represent the tax revenue collected, but not settled until October 2012. 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	\$ 2,731,814
Total		<u>\$ 2,731,814</u>

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

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Fund	\$ 192,365
Road Fund	Other Governmental Fund	1,204,444
Other Governmental Funds	Other Governmental Fund	999,762
Other Governmental Funds	General Fund	559,980
Total		<u>\$ 2,956,551</u>

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

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(6) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2012, consisted of the following:

Governmental Activities:	
Legislative tax credit	\$ 733,024
Community development black grants/states program (R-103-030-01-KCR)	12,045
Community development black grants/states program (R-103-030-06-KED)	738,876
Community development black grants/states program (R-103-030-05-KED)	1,551,279
Disaster grant (1604-DR-MS)	394,389
Disaster grant (1794-DR-MS)	38,704
EPA Industrial Water	88,250
Hazard mitigation grant (1604-0204)	562,894
Hazard mitigation grant (1604-0044)	481,697
Hazard mitigation grant (1604-0345)	442,400
Hazard mitigation grant (1604-0346)	526,776
Housing Urban and Development (WAMA)	199,467
Public safety police traffice services grant	56,510
Total	<u>\$ 5,826,311</u>

(7) Loans Receivable

Loans receivable balances at September 30, 2012, 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	<u>32,346</u>
Total				168,600
Less: Allowance for doubtful accounts*				<u>(136,254)</u>
Total (Net of allowance for doubtful accounts)				<u>\$ 32,346</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(8) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2012:

<u>Governmental Activities</u>	<u>Oct. 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Sept 30, 2012</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 12,657,473	189,819	2,095		12,845,197
Construction in Progress	23,325,260	9,749,809		(22,391,821)	10,683,248
Total non-depreciable capital assets	<u>35,982,733</u>	<u>9,939,628</u>	<u>2,095</u>	<u>(22,391,821)</u>	<u>23,528,445</u>
<u>Depreciable capital assets:</u>					
Infrastructure	148,829,205	7,328,941			156,158,146
Building	35,094,135	324,295		22,391,821	57,810,251
Improvements other than buildings	5,656,630				5,656,630
Mobile equipment	20,249,379	2,280,222	252,330	200,000	22,477,271
Furniture and equipment	5,297,479	292,549	39,137		5,550,891
Leased property under capital leases	387,967				387,967
Total depreciable capital assets	<u>215,514,795</u>	<u>10,226,007</u>	<u>291,467</u>	<u>22,591,821</u>	<u>248,041,156</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	84,894,183	1,538,985			86,433,168
Building	13,431,484	980,844			14,412,328
Improvements other than buildings	4,058,824	468,430			4,527,254
Mobile equipment	13,819,784	1,560,082	213,698	95,000	15,261,168
Furniture and equipment	4,061,941	493,147	32,990	725	4,522,823
Leased property under capital leases	84,180	37,303			121,483
Total accumulated depreciation	<u>120,350,396</u>	<u>5,078,791</u>	<u>246,688</u>	<u>95,725</u>	<u>125,278,224</u>
Total depreciable capital assets, net	<u>95,164,399</u>	<u>5,147,216</u>	<u>44,779</u>	<u>22,496,096</u>	<u>122,762,932</u>
Governmental activities capital assets, net	<u>\$ 131,147,132</u>	<u>15,086,844</u>	<u>46,874</u>	<u>104,275</u>	<u>146,291,377</u>

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(8) Capital Assets (continued)

Business-type Activities

	Balance Oct. 1, 2011	Additions	Deletions	Adjustments*	Balance Sept 30, 2012
<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	118,262				118,262
Furniture and equipment	111,438	7,212			118,650
Total depreciable capital assets	229,700	7,212	-	-	236,912
<u>Less accumulated depreciation for:</u>					
Mobile equipment	106,434				106,434
Furniture and equipment	77,588	10,387			87,975
Total accumulated depreciation	184,022	10,387	-	-	194,409
Total depreciable capital assets, net	45,678	(3,175)	-	-	42,503
Business-type activities capital assets, net	\$ 52,156	(3,175)	-	-	48,981

*Adjustments are to transfer completed projects and to record fixed assets from the fire district in the capital asset records.

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 1,578,606
Public safety	898,566
Public works	2,407,277
Health and welfare	40,810
Culture and recreation	140,212
Economic development and assistance	13,320
Total governmental activities depreciation expense	\$ 5,078,791
<u>Business-type activities:</u>	
Adult detention center canteen fund	\$ 9,088
Golf course	1,299
Total business-type activities depreciation expense	\$ 10,387

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(8) Capital Assets (continued)

Commitments with respect to unfinished capital projects as September 30, 2012, consisted of the following:

West JC Shelter	\$ 633,824	March 2013
East JC Shelter	322,361	March 2013
Vancleave Shelter	278,598	August 2013
Jackson County Highway Patrol	254,910	September 2013
Ocean Springs Bulkhead	1,859,078	December 2013
Airport Rehab	167,472	December 2013
Gautier Soccer Exp	455,581	January 2014
Self Serve Jet Tank	337,225	January 2014
Adult Detention Center	<u>29,348,000</u>	December 2014
 Total	 <u>\$ 33,657,049</u>	

(9) 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, 2012, to January 1, 2013. 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, 2012

(9) 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, 2012, the amount of these liabilities was \$227,011. 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
2009 – 2010	\$ 319,646	5,744,384	5,586,799	477,231
2010 – 2011	\$ 477,231	5,681,822	5,653,475	505,578
2011 – 2012	\$ 505,578	5,944,835	6,223,402	227,011

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.

(10) 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, 2012, retiree premiums range from \$612 to \$809 depending on dependent coverage and Medicare eligibility.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(10) 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 July 1, 2010 for the years ending September 30, 2009 and 2010. The plan presently has an actuarial valuation performed biannually in order to be in compliance with GASB Statement 45, as such, actuarial information is not available for July 1, 2012.

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 \$230,723 is 1.09 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 July 1, 2010:

Annual required contribution	\$	230,723
Interest on prior year net OPEB obligation		8,061
Adjustment to annual required contribution		<u>(8,484)</u>
Annual OPEB cost		230,300
Contribution made		<u>(35,640)</u>
Increase in net OPEB obligation		194,660
Net OPEB obligation - Beginning of year		<u>179,131</u>
Net OPEB obligation - End of year	\$	<u><u>373,791</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>
2008-2009	\$ 213,074	15.93%	179,131
2009-2010	\$ 230,300	15.47%	373,791

Funding Status and Funding Progress.

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

Actuarial Valuation Date		July 1, 2010
Actuarial Value of Plan Assets	\$	-
Actuarial Accrued Liability (AAL) Entry Age Normal	\$	1,331,981
Unfunded AAL (UAAL)	\$	1,331,981
Funded Ratio		0.00%
Annual Covered Payroll	\$	21,070,951
UAAL as a Percentage of Annual Covered Payroll		6.30%

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(10) 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	July 1, 2010
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	2020
*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, 2012

(11) Long-term Debt

Debt outstanding as of September 30, 2012, consisted of the following:

Governmental Activities

A. General Obligation Bonds:

Series 2003 refunding	1,510,000	1.15/5.10%	Mar 2014
Northrop Grumman site	1,255,000	4.00/5.00%	Aug 2014
Road improvements	4,420,000	3.00/5.00%	Dec 2016
Northrop Grumman, Series 2005A	7,165,000	3.94/5.25%	Jun 2020
Moss Point Industrial Park refunding, Series 2005B	1,810,000	3.94/5.04%	Jun 2020
Series 2011A refunding	3,730,000	2.00/4.00%	Dec 2014
Series 2011B refunding	<u>2,710,000</u>	2.00/3.500%	May 2018

Total General Obligation Bonds \$ 22,600,000

B. Capital Leases:

Law enforcement software	\$ 93,259	4.35%	Apr 2013
Fort Bayou fire truck	46,696	4.22%	Dec 2014
Catepillar truck	173,732	3.00%	May 2015
Network software	<u>417,840</u>	3.00%	July 2016

Total Capital Leases \$ 731,527

C. Other Loans:

Fort Bayou fire department	\$ 217,579	5.26%	Jan 2017
Forts Lake/Franklin Creek VFD	185,865	4.26%	Mar 2017
Vancleave fire department	26,942	3.65%	May 2013
General obligation note, Series 2008	568,851	3.45%	Aug 2013
Jackson County Airport Authority loan	500,000	2.98%	Jan 2014
West Jaskcon County fire truck	42,226	3.45%	May 2013
Latimer VFD	195,159	4.25%	Jul 2018
Vancleave - 2 trucks	75,634	2.25%	Mar 2014
3 Rivers tanker	60,861	2.88%	Jul 2014
Class A Pumpers (2)	179	2.98%	Mar 2013
2010A - General Obligation note	5,816,625	2.57%	Mar 2015
General obligation note, Series 2012	100,000	2.57%	Apr 2017
Rail loan	<u>894,443</u>	0.00%	Mar 2026

Total Other Loans \$ 8,684,364

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(11) Long-term Debt (continued)

Governmental Activities

<u>Year Ending September 30</u>	<u>General Obligation</u>		<u>Capital Leases and Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 4,995,000	872,249	3,360,562	212,378
2014	5,230,000	688,628	2,650,933	115,740
2015	3,015,000	525,828	2,318,039	49,098
2016	2,315,000	422,672	338,614	13,943
2017	2,775,000	308,528	150,370	3,819
2018-2022	4,270,000	404,196	369,600	1,154
2023-2027	-	-	227,773	-
Total	\$ <u>22,600,000</u>	<u>3,222,101</u>	<u>9,415,891</u>	<u>396,132</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2012, the amount of outstanding debt was equal to 1.84% of the latest property assessments.

Current Refundings:

On November 8, 2011 the County issued \$3,775,000 in general obligation refunding bonds with an average interest rate of 2% to refund \$3,665,000 of the following:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
Series 2002 Refunding	2.00%-4.00%	3,665,000

The County refunded the above bonds to reduce its total debt service payments over the next four years by almost \$42,848 and to obtain an economic gain (difference between present values of debt service payments on the old and new debt) of approximately \$129,408.

On February 9, 2012 the County issued \$3,090,000 in general obligation refunding bonds with an average interest rate of 2.71% to refund \$2,975,000 of the following bond issue:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
1998 Port Improvement Bonds	5.00%-6.500%	\$2,975,000

The County refunded the above bonds to reduce its total debt service payments over the next seven years by almost \$39,556 and to obtain an economic gain (difference between present values of debt service payments on the old and new debt) of approximately \$312,026.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(11) Long-term Debt (continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012:

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2012	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 1,378,925		67,186		1,311,739	NA
General obligation bonds	28,063,698	6,865,000	12,328,698		22,600,000	4,995,000
Add:						
Premiums, Net	108,666	97,117	33,546		172,237	NA
Capital Leases	1,180,351		448,824		731,527	174,841
Other loans	22,235,600	100,000	3,151,236	(10,500,000)	8,684,364	3,185,721
Total	\$ 52,967,240	7,062,117	16,029,490	(10,500,000)	33,499,867	8,355,562

On June 12, 2012, the U.S. Department of Homeland Security, Federal Emergency Management Agency, fully cancelled the \$10,500,000 FEMA Community Disaster Loans. The cancellation was authorized under the provisions of the U.S. Troop Readiness, Veterans Care, Katrina Recovery and Iraq Accountability Appropriations Act, 2007. The debt forgiveness of \$10,500,000 has been recorded as a special item on the Statement of Activities.

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 \$42,641 for the year ended September 30, 2012.

(12) Contingencies

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

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

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

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:

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(12) Contingencies (continued)

Description	Balance at Sept. 30, 2012
General obligation bonds	\$ <u>500,000</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, 2012, is \$101,790,181.

(13) 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 of 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, 2012
Industrial revenue bonds and notes	\$ <u>56,750,706</u>

(14) 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, 2012.

Condensed Statement of Net Assets:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Current assets	\$ 124,520	80,125	48,388	253,033
Capital assets	19,563	7,704	21,714	48,981
Total Assets	144,083	87,829	70,102	302,014
Current Liabilities	4,218	6,629	29,710	40,557
Noncurrent liabilities	—	8,955	33,686	42,641
Total Liabilities	4,218	15,584	63,396	83,198
Net assets:				
Invested in capital assets, net of related debt	19,563	7,704	21,714	48,981
Restricted	120,302	—	—	120,302
Unrestricted	—	64,541	(15,008)	49,533
Total Net Assets	\$ 139,865	72,245	6,706	218,816

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(14) Segment Information for Enterprise Funds (continued)

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

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Operating revenues	\$ 37,974	148,002	658,098	844,074
Operating expenses	(30,432)	(143,839)	(693,369)	(867,640)
Depreciation expense	(9,088)		(1,299)	(10,387)
Operating Income (Loss)	<u>(1,546)</u>	<u>4,163</u>	<u>(36,570)</u>	<u>(33,953)</u>
Interest Income	764	41	482	1,287
Transfers in				
Change in Net Assets	<u>(782)</u>	<u>4,204</u>	<u>(36,088)</u>	<u>(32,666)</u>
Net Assets - Beginning	<u>140,647</u>	<u>68,041</u>	<u>42,794</u>	<u>251,482</u>
Prior Period Adjustments	-			
Net Assets - Beginning Restated	<u>140,647</u>	<u>68,041</u>	<u>42,794</u>	<u>251,482</u>
Net Assets - Ending	<u>\$ 139,865</u>	<u>72,245</u>	<u>6,706</u>	<u>218,816</u>

Condensed Statement of Cash Flows:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Net cash provided (used) by:				
Operating activities	8,882	7,334	(41,818)	(25,602)
Capital financing activities			(7,212)	(7,212)
Noncapital financing activities		157	1,098	1,255
Investing activities	<u>764</u>	<u>41</u>	<u>482</u>	<u>1,287</u>
Net increase (decrease) in cash	9,646	7,532	(47,450)	(30,272)
Cash - Beginning of Year	<u>114,874</u>	<u>72,593</u>	<u>95,838</u>	<u>283,305</u>
Cash - End of Year	<u>\$ 124,520</u>	<u>80,125</u>	<u>48,388</u>	<u>253,033</u>

(15) 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 2012.

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 \$166,000 for support of the Jackson County Civic Action in fiscal year 2012.

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(15) Jointly Governed Organizations (continued)

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 2012.

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 2012.

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 \$8,079,871 for maintenance and support of the college in the fiscal year 2012.

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.

(16) 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 12% through December 2011, 12.93% through June 2012, 14.26% thereafter 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, 2012, 2011 and 2010 were \$3,419,948, \$3,114,702, and \$2,828,380, respectively, equal to the required contributions for each year.

(17) Subsequent Events

Events that occur after the Statement of Net Assets 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 Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Jackson County evaluated the activity of the County through September 25, 2013, (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:

JACKSON COUNTY, MISSISSIPPI
Notes to the Financial Statements
For the Year Ended September 30, 2012

(17) Subsequent Events (continued)

Subsequent to September 30, 2012 disclosures:

A trust agreement dated November 1, 2012 was executed by and between the County and Hancock Bank, as trustee and Jackson County Governmental Facilities Corporation. The trust agreement authorized the issuance of trust certificates in the principal amount of \$29,230,000 to be used for the construction of a new adult correctional facility. The certificates will represent proportionate undivided interests in a lease and option to purchase by and between the County and Jackson County Governmental Facilities Corporation.

The Jackson County Governmental Facilities Corporation, a nonprofit corporation was formed on September 14, 2012 for the purpose of assisting the County by acquiring, financing, constructing, operating, managing and leasing building, equipment and other facilities useful or usable by the County. The Corporation is the lessor and payments will be made by the County to the Corporation and are made for the use and occupancy of facilities to be utilized as an adult correctional facility and any related support facilities. The County is authorized to enter into the lease and pay rental payments pursuant to the provisions of Sections 31-8-1 *et seq.*, Mississippi Code of 1972, as amended.

The County will design, acquire, construct and equip an adult correctional facility and related support facilities. Cost of the design, acquisition, construction and equipping of the project will be paid from proceeds of the sale of the certificates or other available funds of the County.

The lease rental payments by the County are used by the trustee to pay the principal and interest payments due on the trust certificates. The certificates will be issued in fully registered form in authorized denominations of \$5,000 or more. Interest with a rate varying between 2% and 5% will be computed using a year of 360 days and is payable on January 1 and July 1 of each year commencing July 1, 2013. The lease term expires July 1, 2032 under which the ownership of the adult correctional facility will transfer to the County.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 36,334,442	37,343,647	38,992,434	1,648,787
Licenses, commissions and other revenue	2,194,722	1,988,487	1,988,487	-
Fines and forfeitures	1,359,000	1,396,305	1,441,610	45,305
Intergovernmental revenues	5,292,118	17,605,962	10,508,040	(7,097,922)
Charges for services	373,860	615,200	615,200	-
Interest income	412,613	405,695	438,116	32,421
Miscellaneous revenues	1,264,585	1,543,571	1,552,734	9,163
Total Revenues	<u>47,231,340</u>	<u>60,898,867</u>	<u>55,536,621</u>	<u>(5,362,246)</u>
EXPENDITURES				
Current:				
General government	26,448,720	33,662,709	28,401,022	5,261,687
Public safety	15,756,725	16,449,543	16,449,543	-
Public works	2,122,220	1,483,073	1,483,073	-
Health and welfare	2,367,118	2,337,432	2,337,432	-
Culture and recreation	3,355,721	3,252,875	3,252,875	-
Education	850,000	899,695	899,695	-
Conservation of natural resources	312,203	273,389	273,389	-
Economic development and assistance	2,267,882	1,626,568	1,626,568	-
Debt service:				
Principal			299,131	(299,131)
Interest	63,673	63,832	18,271	45,561
Bond issue costs	103,739	253,570		253,570
Total Expenditures	<u>53,648,001</u>	<u>60,302,686</u>	<u>55,040,999</u>	<u>5,261,687</u>
Excess of Revenues over (under) Expenditures	<u>(6,416,661)</u>	<u>596,181</u>	<u>495,622</u>	<u>(100,559)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,000	15,346	6,391	(8,955)
Compensation for loss of capital assets	2,000	1,583	17,311	15,728
Transfers in	2,000,000	96,075	192,365	96,290
Transfers out	(141,688)	(463,690)	(559,980)	(96,290)
Other financing uses				-
Total Other Financing Sources and Uses	<u>1,863,312</u>	<u>(350,686)</u>	<u>(343,913)</u>	<u>6,773</u>
Net Change in Fund Balance	(4,553,349)	245,495	151,709	(93,786)
Fund Balances - Beginning	<u>2,299,271</u>	<u>7,044,944</u>	<u>22,697,135</u>	<u>15,652,191</u>
Fund Balances - Ending	<u>\$ (2,254,078)</u>	<u>7,290,439</u>	<u>22,848,844</u>	<u>15,558,405</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, 2012

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 14,498,490	14,990,353	14,990,353	-
Road and bridge privilege taxes	1,700,000	1,804,154	1,804,154	-
Intergovernmental revenues	1,100,000	2,312,906	2,312,906	-
Interest income		64,383	64,383	-
Miscellaneous revenues		344,677	344,677	-
Total Revenues	17,298,490	19,516,473	19,516,473	-
EXPENDITURES				
Current:				
Public works	21,598,738	20,185,520	20,185,520	-
Debt service:				
Principal	1,859,984	1,793,669	1,706,210	87,459
Interest			87,459	(87,459)
Total Expenditures	23,458,722	21,979,189	21,979,189	-
Excess of Revenues over (under) Expenditures	(6,160,232)	(2,462,716)	(2,462,716)	-
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets			1,194	1,194
Transfers in	1,550,000	1,204,444	1,204,444	-
Total Other Financing Sources and Uses	1,550,000	1,204,444	1,205,638	1,194
Net Change in Fund Balance	(4,610,232)	(1,258,272)	(1,257,078)	1,194
Fund Balances - Beginning	1,502,176	6,587,878	9,566,470	2,978,592
Fund Balances - Ending	\$ (3,108,056)	5,329,606	8,309,392	2,979,786

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, 2012

Actuarial Valuation Date	Fiscal year	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Percent Funded (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Annual Covered payroll ((b-a)/c)
July 1, 2010	September 30, 2009	\$ 0	\$ 1,153,576	\$ 1,153,576	0%	\$ 21,070,951	5.5%
July 1, 2010	September 30, 2010	0	1,331,981	1,331,981	0%	21,070,951	6.3%

The plan presently has an actuarial valuation performed biennially in order to be in compliance with GASB Statement 45. Amounts for July 1, 2012 are not available for this report (see Note 10).

JACKSON COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2012

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor 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
Budget (Cash Basis)	\$ 151,709	(1,257,078)
Increase (Decrease)		
Net adjustments for revenue accruals	(51,856)	(30,197)
Net adjustments for expenditure accruals	(1,322,508)	(268,500)
GAAP Basis	\$ (1,222,655)	(1,555,775)

SUPPLEMENTARY INFORMATION

JACKSON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

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	\$ 8,400
National School Lunch Program	10.555	N/A	<u>11,710</u>
Total Child Nutrition Cluster			<u>20,110</u>
Passed-Through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665	N/A	<u>49,330</u>
Passed-Through the Mississippi Soil & Water Conservation Commission			
ARRA-Emergency Watershed Protection Program	10.923	69-4423-9-1888	<u>3,827</u>
Total U.S. Department of Agriculture			<u>73,267</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*	14.228	1123-06-030-ED-01	2,500
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii*	14.228	R-109-030-02-KCR	10,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-06-KED	7,532,777
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii*	14.228	R-103-030-01-KCR	660,279
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii*	14.228	R-103-030-02-KED	2,500
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-03-KED	117,969
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* (Note B)	14.228	R-103-030-05-KED	<u>8,129,760</u>
Subtotal			16,455,785
Economic Development Initiative - Special Project Division (Direct Award)(Note C)	14.251	B-10-SP-MS-0228	280,051
Economic Development Initiative - Special Project Division (Direct Award)	14.251	B-09-SP-MS-0275	<u>52,999</u>
Total U.S. Department of Housing and Urban Development			<u>16,788,835</u>
U.S. Department of the Interior/Minerals Management Service			
Coastal Impact Assistance Program (Direct Award)	15.426	MS.30.702	52,594
U.S. Department of the Interior/Fish and Wildlife Service			
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.719	313,506
Coastal Impact Assistance Program (Direct Award) (Note D)*	15.668	MS.30.717	1,497,000
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.713	179,839
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.712	133,250
Coastal Impact Assistance Program (Direct Award)*	15.668	MS.30.716	<u>99,508</u>
Subtotal			2,223,103
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>7,850</u>
Total U.S. Department of Interior			<u>2,283,547</u>

JACKSON COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

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 Community Oriented Policing Services ARRA-Methamphetamine Initiative (Direct Award)	16.710	2010CKWX0283	<u>104,060</u>
U.S. Department of Justice /Office of Justice Programs Edward Byrne Memorial Justice Assistance Grant Program (Direct Award)	16.738	2011-DJ-BX-3316	<u>24,254</u>
Passed-through the Mississippi Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	11NM1301	207,787
Youth Court Electronic Monitoring	16.523	2010-JB-FX-0090	<u>10,829</u>
Total U.S. Department of Justice			<u>346,930</u>
U.S. Department of Transportation National Highway Traffic Safety Administration/ Passed-through the Mississippi Department of Public Safety Division of Public Safety Planning Highway Safety Cluster			
Police Traffic Services	20.600	12PT1301	67,589
State and Community Highway Safety	20.600	11OP1301	25,247
Office of Highway Safety Alcohol Open Container Requirements	20.607	11TA1301	<u>52,246</u>
Subtotal			<u>145,082</u>
U.S. Department of Transportation Passed-through the Mississippi Emergency Management Agency Hazardous Materials Emergency Preparedness Grant	20.703	10613174	<u>3,496</u>
Total U.S. Department of Transportation			<u>148,578</u>
U.S. Environmental Protection Agency Special Water Infrastructure Project (Direct Award)	66.606	XP984459-98-0	<u>425,750</u>
Total U.S. Environmental Protection Agency			<u>425,750</u>
U.S. Department of Energy/Office of Energy Efficiency & Renewable Forrestal Building ARRA-Energy Efficiency and Conservation Block Grant (Direct Award)	81.128	N/A	<u>125,647</u>
Total U.S. Department of Energy			<u>125,647</u>
U.S. Department of Homeland Security Passed-through the Mississippi Department of Public Safety High Intensity Drug Trafficking Areas Program	95.001	G11GC0003A	<u>30,712</u>
Subtotal			<u>30,712</u>
Passed-through the Mississippi Emergency Management Agency Disaster Grants - Public Assistance*	97.036	1604-DR-MS	2,410,186
Disaster Grants - Public Assistance*	97.036	1794-DR-MS	596,378
Disaster Grants - Public Assistance*	97.036	4081-DR-MS	92,790
Disaster Grants - Public Assistance*	97.036	1837-DR-MS	<u>99,759</u>
Subtotal			3,199,113
Hazard Mitigation Grant*	97.039	1604-0044	1,581,840
Hazard Mitigation Grant*	97.039	1604-0345	1,706,203
Hazard Mitigation Grant*	97.039	1604-0346	1,549,318
Hazard Mitigation Grant*	97.039	1604-0204	<u>488,378</u>
Subtotal			<u>5,325,739</u>

JACKSON COUNTY
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2012

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Passed-through the Mississippi Department of Public Safety			
Homeland Security Grant	97.067	09PG030	363,550
Homeland Security Grant	97.056	10PG030	207,936
Homeland Security Grant	97.056	11PG030	76,895
Homeland Security Grant	97.078	08BZ030	<u>180,384</u>
Subtotal			828,765
Total U.S. Department of Homeland Security			<u>9,384,329</u>
Total Expenditures of Federal Awards			\$ <u><u>29,576,883</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 \$15,780,506 to subrecipients during the year ended September 30, 2012.

Note C - Economic Development Initiative - Special Project Division

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$280,051 to subrecipients during the year ended September 30, 2012.

Note D - Coastal Impact Assistance Program

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$1,497,000 to subrecipients during the year ended September 30, 2012.

* Denotes major federal award program

OTHER INFORMATION

JACKSON COUNTY
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2012

<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	50,000
Receiving Clerk	Western Surety Company	75,000
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

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

September 25, 2013

Members of the Board of Supervisors
Jackson County, Mississippi

We have audited 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, 2012, which collectively comprise Jackson County's basic financial statements and have issued our report thereon dated September 25, 2013. 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. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified

certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 as 2012-1, 2012-2 and 2012-3.

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 as 2012-4, 2012-5 and 2012-6 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 September 25, 2013, included within this document.

The County's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Wright Wood 7/17/13 & 8/13

WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB A-133

September 25, 2013

Members of the Board of Supervisors
Jackson County, Mississippi

Compliance

We have audited Jackson County, Mississippi's (the County) 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 the County's major federal programs for the year ended September 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Except as discussed in the following paragraph, 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 the 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 2012-7 in the accompanying schedule of findings and questioned costs, Jackson County, Mississippi, 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 the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Jackson County, Mississippi, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of Jackson County, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-7 to be a material weakness.

Jackson County's response to the finding identified in our audit is described in the accompanying auditee's corrective action plan. We did not audit Jackson County's response and, accordingly, we express no opinion on the response.

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

Walter Woodworth & Paul

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

GULFPORT, MISSISSIPPI 39502

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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))

September 25, 2013

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, 2012. 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 the prior three year's 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, 2012.

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.

Wesley Ward White & Paul

JACKSON COUNTY, MISSISSIPPI
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2012

Schedule 1

Date	Item Purchased	Amount Paid	Vendor
1/26/2012	Mobile command/communication unit	\$ 54,311	Dixie RV
8/21/2012	Knuckleboom trash loaders (2)	229,620	Truckworx

JACKSON COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2012

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, 2012

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
4/3/2012	Remote explosive detection device	\$ 65,000	Ahura Scientific, Inc.

WRIGHT, WARD, HATTEN & GUEL

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

September 25, 2013

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, 2012, we considered Jackson County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jackson County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 25, 2013, 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:

Sheriff.

1. Improper use of County tax identification number

Finding:

Sheriff's department maintains a benefit fund with the purpose of raising funds to help department employees with various needs. The benefit fund has been maintained under the County's tax identification number.

Recommendation:

The benefit fund must maintain a separate nonprofit tax identification number, and employees raising monies for this fund must do so while not working on County time.

Sheriff's Response:

We will comply with recommendation of auditor's finding.

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

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.

Wendy Wald White & Sons

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JACKSON COUNTY, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2012

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Qualified |
| Business-type activities | Unqualified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unqualified |
| Road Fund | Unqualified |
| Aggregate remaining fund information | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | 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 that are not considered to be material weaknesses? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | |
| Unqualified 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. Federal programs identified as major programs: | |
| a. Coastal impact assistance program CFDA #15.668 | |
| b. Community development block grants/state's program CFDA #14.228 | |
| 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: | \$887,306 |
| 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, 2012

Section 2: Financial Statement Findings

2012-1 Discretely Presented Component Units

Board of Supervisors

Material Weakness

Finding

Financial data for component units should be included in the financial statements.

Criteria

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.

Condition

As reported in previous years audit reports, the financial statements do not include the financial data for the county's legally separate component units.

Cause

The county has deemed it not cost efficient to include component units' financial data in its audit costs.

Effect

The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

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

2012-2 Capital Assets Subsidiary Ledgers

Inventory Control Clerk

Material Weakness

Finding

The Board should implement controls to prevent and detect inconsistencies in the subsidiary ledgers for capital assets.

Criteria

An effective system of internal controls over capital assets includes the maintenance of an accurate inventory system.

Condition

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.

JACKSON COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Cause

The county has not taken the necessary steps to comply with generally accepted accounting principles and state laws regarding the requirements for capital assets.

Effect

The failure to properly follow generally accepted accounting principles resulted in 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.

2012-3 Segregation of Duties and Management Override of Internal Controls

Tax Collector

Material Weakness

Finding

Effective internal control policies should be implemented over bookkeeping functions.

Criteria

An effective system of internal control over the accounting functions should include an adequate segregation of duties in the collection, deposit preparation, disbursement, general journal, recording and reconciling functions.

Condition

During field work, it was noted the Assistant Tax Collector was using the Tax Collector's stamp to sign checks, along with signing her name to the checks as well. The Tax Collector does not review bank statements, bank reconciliations, checks written and related back up data supporting disbursements. Also noted, some checks had only one signature or no signatures, when Tax Collector's office policy requires two valid check signers.

Cause

The Tax Collector's Office has not established adequate internal controls over cash disbursements and receipts. Management override of internal control policies has made controls ineffective.

Effect

These conditions could result in unrecorded transactions, misstated financial reports, undetected errors or misappropriation of funds.

Recommendation

In order to mitigate the possibility of misappropriation of funds, it is necessary to maintain adequate separation of duties. The Tax Collector should not allow the Assistant Tax Collector to have access and use his signature stamp. The Tax Collector should review bank statements and reconciliations and sign-off as being reviewed. The Tax Collector should also review supporting documentation while signing checks and sign off approving invoice for payment. As of the date of this report, the Tax Collector is not allowing the Assistant Tax

JACKSON COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Collector to have access and use of his signature stamp. He is currently reviewing bank statements and reconciliations. However, still an issue with the department: checks should always have two authorized signatures.

2012-4 Segregation of Duties

Golf Course

Significant Weakness

Finding

Effective internal control policies should be implemented over bookkeeping functions.

Criteria

An effective system of internal control over the accounting functions should include an adequate segregation of duties in the collection and deposit preparation functions.

Condition

During field work, it was noted that the cashiers count their own drawer, complete deposit slips and take deposits to the bank at the end of the day. It was also noted that the safe is kept unlocked during operating hours and the cashiers have full access to it when needed. Daily sales sheets compared to the cashier's hand written recaps of drawer totals did not match with no explanation of variance. Several days tested noted that bank deposit slips did not match the total cash collected on daily sales sheet or the cashier's recap. In comparing daily customer counts to total daily sales, it was also noted that there was a high variance between what sales should have been to what was actually recorded.

Cause

The County has not established an adequate internal control system that ensures that duties in the collection and deposit preparation functions are segregated.

Effect

These conditions could result in unrecorded transactions, misstated financial reports, undetected errors or misappropriation of funds.

Recommendation

In order to mitigate the possibility of misappropriation of funds, it is necessary to maintain adequate separation of duties. The County should put controls in place to alleviate incompatible duties and the safe should have limited access. As of the date of this report, the safe has been moved to the manager's office and is kept locked at all times.

2012-5 Improper Documentation and Inadequate Internal Controls over Accounts Payable

Sheriff's Office/Accounts Payable

Significant Deficiency

Finding

Vendor payments are being processed without proper documentation.

Criteria

An effective system of internal control over the accounts payable functions should include proper documentation and completeness of vendor invoices prior to processing for payment.

JACKSON COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Authorization of payment should not be given without adequate review and reconciliation of invoices to purchases received and receiving reports. Adequate documentation of all purchases should be maintained.

Condition

During field work, it was noted that Sheriff's Department employees failed to submit detailed receipts of travel reimbursement for meals. In addition, payments are being generated by the accounts payable department from incomplete invoices for services such as fuel and telephone service for the Sheriff's Department and Narcotics Department. Reconciliations of fuel costs to individual accounts are not being performed prior to authorization for payment.

Cause

Sheriff and Narcotic office employees are not submitting complete and detailed invoices to the accounts payable department for purchase orders. In many instances, only the front page of a bill or a stub from the restaurant is being submitted.

Effect

These conditions could result in unrecorded transactions, county purchases of unallowable items, undetected errors in vendor invoices or misappropriation of funds.

Recommendation

We recommend that an internal control system be set in place to reconcile fuel costs to individuals charging on a daily basis. This system should include daily log comparison with fuel bills to ensure that all fuel charges are related to county functions and are correctly invoiced. This system should also include review of travel and meals detail to ensure that County funds are not being spent on unallowable costs (i.e. alcohol, nonemployee meals). Before payment is processed, complete and detailed invoices should be submitted to the County Finance Department.

2012-6 Federal Grant Activity Schedule

Board of Supervisors

Significant Deficiency

Finding

Auditor's assistance required to complete Schedule of Expenditures of Federal Awards.

Criteria

An effective system of internal control over federal grants includes properly identifying all revenues and expenditures, including accruals, on the federal grant activity schedule. The County prepared a Schedule of Expenditures of Federal Awards, however, the schedule was incomplete and was inaccurate.

Condition

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.

Cause

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.

JACKSON COUNTY, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Effect

These conditions could result in unrecorded transactions, failure to comply with federal regulations, and omission of reporting federal funding and inaccurate reporting of grant activities.

Recommendation

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

Section 3: Federal Award Findings and Questioned Costs

2012-7

Equipment and Real Property Management

CFDA #97.039 Hazard Mitigation Grant
Grant Number - 1604-0204
U.S. Department of Homeland Security

Material Noncompliance

Material Weakness in Internal Control Over Compliance

Finding

Controls Over Equipment and Real Property Management Should Be Strengthened.

Criteria

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.

Condition

As reported in the prior three year's audit report, several parcels of land, and the buildings located on them, were not included in the County's inventory system. As a result, the land and the homes located on the land were not properly accounted for as land and buildings of the County.

Effect

These conditions could result in unrecorded transactions, failure to comply with federal regulations, and omission of reporting federal funding and inaccurate reporting of grant activities.

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*.

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

BOARD OF SUPERVISORS

Jackson County, Mississippi

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

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

CORRECTIVE ACTION PLAN

September 10, 2013

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, 2012.

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

12-1 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 2013

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

12-2 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 2013

Name of Contact Person Responsible for Corrective Action:

Nancy Anglada, Inventory Control Manager

12-3 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 2012

Name of Contact Person Responsible for Corrective Action:

Joe Tucker, Tax Collector

12-4 Corrective Action Planned:

Jackson County will establish adequate internal control system to ensure that the duties in collection and deposit preparation are properly segregated at the golf course.

Anticipated Completion Date: October 2013

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

12-5 Corrective Action Planned

Jackson County finance department and sheriff's department will establish adequate internal controls to ensure that purchases through the sheriff's department are not for unallowable items.

Anticipated Completion Date: October 2013

Name of Contact Person Responsible for Corrective Action:

Josh Eldridge, Comptroller

12-6 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

12-7 Corrective Action Planned:

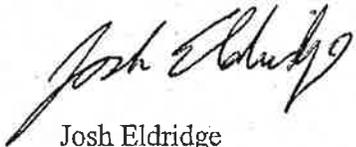
Planning department will forward to inventory control all relevant information to accomplish this task upon receipt of closing documents.

Anticipated Completion Date: March 2013

Name of Contact Person Responsible for Corrective Action:

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "Josh Eldridge". The signature is written in a cursive, flowing style.

Josh Eldridge
Comptroller
228-769-3155

BOARD OF SUPERVISORS
Jackson County, Mississippi

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September 12, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2012

Gentlemen:

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

U.S. DEPARTMENT OF HOMELAND SECURITY

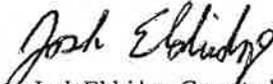
2011 – Finding 10-5 CFDA #97.039 – Hazard Mitigation Grant -- Grant Number – 1604-0204

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

