



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

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**JACKSON COUNTY, MISSISSIPPI**

**Primary Government Financial Statements and Special Reports  
For the Year Ended September 30, 1999**



JACKSON COUNTY

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JACKSON COUNTY

FINANCIAL SECTION

JACKSON COUNTY

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

INDEPENDENT AUDITOR'S REPORT  
ON  
THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

April 7, 2000

Members of the Board of Supervisors  
Jackson County, Mississippi

We have audited the accompanying primary government financial statements of Jackson County, Mississippi, as of and for the year ended September 30, 1999, as listed in the table of contents. These primary government financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 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 opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government of Jackson County, Mississippi, as of September 30, 1999, and the results of its operations and cash flows of its Proprietary Fund Types for the year then ended, in conformity with generally accepted accounting principles.

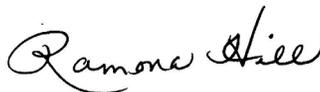
However, the primary government financial statements, because they do not include the financial data of component units of Jackson County, Mississippi, do not purport to, and do not present fairly the financial position of Jackson County, Mississippi, as of September 30, 1999, and the results of its operations and cash flows of its Proprietary Fund Types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2000, on our consideration of Jackson County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of Jackson County, Mississippi, taken 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 primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects, in relation to the primary government financial statements taken as a whole.



PHIL BRYANT  
State Auditor



RAMONA HILL, CPA  
Director, Financial and Compliance Audit Division

JACKSON COUNTY

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

JACKSON COUNTY  
 Combined Balance Sheet - All Fund Types and Account Groups  
 September 30, 1999

Exhibit A

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals Memorandum Only Primary Government
	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	
<b>ASSETS</b>									
Cash and investments (Note 4)	\$ 3,702,899	11,415,576	245,373	33,861	87,269	539,380			16,024,358
Other receivables	3,923								3,923
Intergovernmental receivables	608,277	838,770							1,447,047
Interfund receivables (Note 5)	1,266,000	376,781	58,357		201,849	82,250			1,985,237
Loans receivable (Note 7)		330,370							330,370
Officer receivable (Note 6)	315,027								315,027
Inventories				2,069					2,069
Fixed assets (net, where applicable, of accumulated depreciation) (Note 8)				216,521			47,935,916		48,152,437
Amount available in debt service funds								288,730	288,730
Amount to be provided for retirement of general long-term debt								59,147,464	59,147,464
Total Assets	\$ <u>5,896,126</u>	<u>12,961,497</u>	<u>303,730</u>	<u>252,451</u>	<u>289,118</u>	<u>621,630</u>	<u>47,935,916</u>	<u>59,436,194</u>	<u>127,696,662</u>
<b>LIABILITIES AND FUND EQUITY</b>									
<b>Liabilities:</b>									
Amounts held in custody for others						9,713			9,713
Intergovernmental payables	\$ 1,054,571					404,570			1,459,141
Interfund payables (Note 5)	658,683	1,236,554	15,000	75,000					1,985,237
Compensated absences liability (Note 12)				15,013				880,643	895,656
Claims and judgements liability (Note 10)					207,325				207,325
General obligation bonds payable (Note 12)								39,480,000	39,480,000
Limited obligation bonds payable (Note 12)								1,585,000	1,585,000
Capital leases payable (Note 12)								1,890,386	1,890,386
Other loans payable (Note 12)								15,600,165	15,600,165
Total Liabilities	<u>1,713,254</u>	<u>1,236,554</u>	<u>15,000</u>	<u>90,013</u>	<u>207,325</u>	<u>414,283</u>	<u>0</u>	<u>59,436,194</u>	<u>63,112,623</u>

Fund Equity:									
Investment in general fixed assets							47,935,916		47,935,916
Contributed capital				67,577					67,577
Retained earnings:									
Unreserved				94,861	81,793				176,654
Fund balances:									
Reserved for debt service			288,730						288,730
Reserved for loans receivable		330,370							330,370
Unreserved	4,182,872	11,394,573				207,347			15,784,792
Total Fund Equity	<u>4,182,872</u>	<u>11,724,943</u>	<u>288,730</u>	<u>162,438</u>	<u>81,793</u>	<u>207,347</u>	<u>47,935,916</u>	<u>0</u>	<u>64,584,039</u>
Total Liabilities and Fund Equity	\$ <u>5,896,126</u>	<u>12,961,497</u>	<u>303,730</u>	<u>252,451</u>	<u>289,118</u>	<u>621,630</u>	<u>47,935,916</u>	<u>59,436,194</u>	<u>127,696,662</u>

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

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Year Ended September 30, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals Memorandum Only
	General	Special Revenue	Debt Service	Expendable Trust	Primary Government
<b>Revenues</b>					
Property taxes	\$ 20,637,811	17,337,995	3,707,525		41,683,331
Licenses, commissions and other revenue	1,391,278	1,795,550			3,186,828
Fines and forfeitures	971,176	72,702		97,432	1,141,310
Intergovernmental revenues	3,500,301	9,798,599	40,281		13,339,181
Charges for services	1,165,857	1,296,105			2,461,962
Use of money and property	846,142	409,816	350,720		1,606,678
Miscellaneous revenues	1,248,144	484,971			1,733,115
<b>Total Revenues</b>	<u>29,760,709</u>	<u>31,195,738</u>	<u>4,098,526</u>	<u>97,432</u>	<u>65,152,405</u>
<b>Expenditures</b>					
Current:					
General government	15,268,259	3,041,534		20,166	18,329,959
Public safety	6,303,188	2,618,831		70,080	8,992,099
Public works		14,775,760			14,775,760
Health & welfare	2,038,649	308			2,038,957
Culture & recreation	1,479,127	1,764,780			3,243,907
Education	325,000	86,566			411,566
Conservation of natural resources	444,304	1,309			445,613
Economic development & assistance	705,469	453,853			1,159,322
Capital projects		900,529			900,529
Debt service:					
Principal retirement	256,379	4,525,702	2,865,000		7,647,081
Interest and fiscal charges	217,804	2,096,457	1,247,324		3,561,585
<b>Total Expenditures</b>	<u>27,038,179</u>	<u>30,265,629</u>	<u>4,112,324</u>	<u>90,246</u>	<u>61,506,378</u>
Excess of Revenues over (under) Expenditures	<u>2,722,530</u>	<u>930,109</u>	<u>(13,798)</u>	<u>7,186</u>	<u>3,646,027</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of other debt		181,349			181,349
Proceeds from sale of assets		110,160			110,160
Insurance recoveries		401,923			401,923
Operating transfers in	419,935	1,501,034	99,000		2,019,969
Operating transfers out	(637,733)	(1,344,757)	(31,979)		(2,014,469)
Excess fee income, Chancery Clerk	42,620				42,620
Unidentified use adjustment	(484,160)				(484,160)
<b>Total Other Financing Sources (Uses)</b>	<u>(659,338)</u>	<u>849,709</u>	<u>67,021</u>	<u>0</u>	<u>257,392</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>2,063,192</u>	<u>1,779,818</u>	<u>53,223</u>	<u>7,186</u>	<u>3,903,419</u>
<b>Fund Balances</b>					
Beginning of Year	2,116,766	9,945,125	235,507	200,161	12,497,559
Fund Reclassification (Note 3)	2,914				2,914
End of Year	\$ <u>4,182,872</u>	<u>11,724,943</u>	<u>288,730</u>	<u>207,347</u>	<u>16,403,892</u>

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

JACKSON COUNTY

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JACKSON COUNTY

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types  
For the Year Ended September 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property taxes	\$ 21,193,836	21,221,501	27,665	15,067,054	17,548,396	2,481,342
Licenses, commissions and other revenue	1,550,000	1,537,612	(12,388)	1,100,000	1,772,030	672,030
Fines and forfeitures	985,500	971,176	(14,324)	110,000	72,702	(37,298)
Intergovernmental revenues	2,298,148	3,818,374	1,520,226	10,063,000	8,573,367	(1,489,633)
Charges for services	1,165,857	1,165,857		1,804,540	1,296,105	(508,435)
Use of money and property	847,277	835,346	(11,931)		387,878	387,878
Miscellaneous revenues	1,240,000	1,290,273	50,273	138,000	496,504	358,504
Total Revenues	<u>29,280,618</u>	<u>30,840,139</u>	<u>1,559,521</u>	<u>28,282,594</u>	<u>30,146,982</u>	<u>1,864,388</u>
Expenditures						
General government	15,314,222	14,577,505	736,717	9,072,035	2,938,396	6,133,639
Public safety	6,395,177	6,292,665	102,512	3,173,625	2,618,831	554,794
Public works				13,407,246	12,740,708	666,538
Health and welfare	2,070,677	2,038,649	32,028	500	308	192
Culture and recreation	1,498,047	1,479,127	18,920	1,774,500	1,764,780	9,720
Education	1,010,726	975,725	35,001	87,000	86,566	434
Conservation of natural resources	476,590	444,304	32,286	2,000	1,309	691
Economic development and assistance	705,926	705,469	457	7,000	6,166	834
Capital projects				4,511,810	2,923,891	1,587,919
Debt service	5,138,015	5,274,183	(136,168)	7,429,805	7,822,159	(392,354)
Other costs	246,866	78,597	168,269		103,138	(103,138)
Total Expenditures	<u>32,856,246</u>	<u>31,866,224</u>	<u>990,022</u>	<u>39,465,521</u>	<u>31,006,252</u>	<u>8,459,269</u>
Excess of Revenues over (under) Expenditures	(3,575,628)	(1,026,085)	2,549,543	(11,182,927)	(859,270)	10,323,657
Other Financing Sources (Uses)	<u>3,953,626</u>	<u>2,975,056</u>	<u>(978,570)</u>	<u>1,813,314</u>	<u>2,675,209</u>	<u>861,895</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	377,998	1,948,971	<u>1,570,973</u>	(9,369,613)	1,815,939	<u>11,185,552</u>
Fund Balances						
Beginning of year	<u>0</u>	<u>100,895</u>		<u>6,278,557</u>	<u>9,553,748</u>	
End of year	\$ <u>377,998</u>	<u>2,049,866</u>		<u>(3,091,056)</u>	<u>11,369,687</u>	

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

Exhibit C

Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)
3,688,500	3,786,237	97,737
	40,281	40,281
350,000	350,720	720
<u>4,038,500</u>	<u>4,177,238</u>	<u>138,738</u>
4,001,571	4,112,324	(110,753)
<u>4,001,571</u>	<u>4,112,324</u>	<u>(110,753)</u>
36,929	64,914	27,985
<u>99,000</u>	<u>(52,979)</u>	<u>(151,979)</u>
135,929	11,935	<u>(123,994)</u>
<u>0</u>	<u>233,438</u>	
<u><u>135,929</u></u>	<u><u>245,373</u></u>	

JACKSON COUNTY  
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings -  
 All Proprietary Fund Types  
 For the Year Ended September 30, 1999

Exhibit D

	Enterprise	Internal Service	Totals Memorandum Only Primary Government
<b>Operating Revenues</b>			
Charges for sales and services	\$ 510,196		510,196
Premiums		2,784,675	2,784,675
Miscellaneous	11,060	41,898	52,958
Total Operating Revenues	<u>521,256</u>	<u>2,826,573</u>	<u>3,347,829</u>
<b>Operating Expenses</b>			
Personal services	265,430		265,430
Contractual services	59,952		59,952
Materials and supplies	159,016		159,016
Depreciation expense	72,756		72,756
Claims payment		2,294,620	2,294,620
Insurance premiums		477,829	477,829
Miscellaneous		5,484	5,484
Total Operating Expenses	<u>557,154</u>	<u>2,777,933</u>	<u>3,335,087</u>
Operating Income (Loss)	<u>(35,898)</u>	<u>48,640</u>	<u>12,742</u>
<b>Nonoperating Revenues (Expenses)</b>			
Gain (loss) on disposal of fixed assets	(366)		(366)
Net Nonoperating Revenues (Expenses)	<u>(366)</u>	<u>0</u>	<u>(366)</u>
Net Income (Loss) Before Operating Transfers	<u>(36,264)</u>	<u>48,640</u>	<u>12,376</u>
<b>Operating Transfers</b>			
Operating transfers out	(5,500)		(5,500)
Total Operating Transfers	<u>(5,500)</u>	<u>0</u>	<u>(5,500)</u>
Net Income (Loss) For the Year	(41,764)	48,640	6,876
<b>Retained Earnings</b>			
Beginning of year	476,191	33,153	509,344
Fund reclassification (Note 3)	<u>(339,566)</u>		<u>(339,566)</u>
End of year	<u>\$ 94,861</u>	<u>81,793</u>	<u>176,654</u>

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

JACKSON COUNTY  
 Combined Statement of Cash Flows -  
 All Proprietary Fund Types  
 For the Year Ended September 30, 1999

Exhibit E

	Enterprise	Internal Service	Totals Memorandum Only Primary Government
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 532,286		532,286
Cash received as premiums		2,745,705	2,745,705
Cash payments to suppliers for goods and services	(218,619)		(218,619)
Cash payments to employees for services	(260,055)		(260,055)
Cash payments for claims		(2,266,643)	(2,266,643)
Cash payments for insurance premiums		(477,829)	(477,829)
Other operating cash receipts	11,060	41,898	52,958
Other operating cash payments		(5,484)	(5,484)
Net Cash Provided (Used) by Operating Activities	<u>64,672</u>	<u>37,647</u>	<u>102,319</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Cash received from other funds:			
Loans from other funds	75,000		75,000
Cash paid to other funds:			
Operating transfers out	(5,500)		(5,500)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>69,500</u>	<u>0</u>	<u>69,500</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Proceeds from sale of fixed assets	3,731		3,731
Acquisition and construction of capital assets	(170,634)		(170,634)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(166,903)</u>	<u>0</u>	<u>(166,903)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(32,731)</u>	<u>37,647</u>	<u>4,916</u>
Cash and Cash Equivalents at Beginning of Year	<u>71,656</u>	<u>49,622</u>	<u>121,278</u>
Adjustment to Beginning of Year Cash Due to Fund Reclassification	<u>(5,064)</u>		<u>(5,064)</u>
Cash and Cash Equivalents at End of Year	<u>\$ 33,861</u>	<u>87,269</u>	<u>121,130</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (35,898)	48,640	12,742
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	72,756		72,756
Change in assets and liabilities:			
(Increase) decrease in other receivables	22,090		22,090
(Increase) decrease in inventory	349		349
Increase (decrease) in claims and judgment liability		27,977	27,977
Increase (decrease) in compensated absences	5,375		5,375
(Increase) decrease in interfund receivables		(38,970)	(38,970)
Total adjustments	<u>100,570</u>	<u>(10,993)</u>	<u>89,577</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 64,672</u>	<u>37,647</u>	<u>102,319</u>

**Noncash Capital Activity:**

During the year, the county contributed equipment to the Ocean Springs Harbor fund in the amount of \$10,057 and to the golf course fund in the amount of \$10,586.

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

## JACKSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 1999

#### (1) 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. Generally accepted accounting principles 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 generally accepted accounting principles.

- Singing River Mental Health
- Jackson-George Regional Library System
- Jackson County Port Authority
- St. Martin - Gulf Hills Utility District
- Jackson County Airport Authority
- St. Andrews - Pinehurst Lighting District
- Triple Subdivision Lighting District
- Gulf Park Estates - St. Andrews Fire District
- Singing River Hospital
- West Jackson Utility District
- Gulf Hills Lighting District
- Helena Lighting 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 accompanying financial statements of the primary government have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. However, the primary government financial statements, because they do not include the financial data of the county's component units, do not present fairly, in all material respects, the financial position and results of operations and cash flows of its Proprietary Fund Types for the entire reporting entity.

## JACKSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 1999

#### C. 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 1994 by the Government Finance Officers Association and the *Mississippi County Financial Accounting Manual* as revised in 1993 by the Office of the State Auditor.

#### D. Fund Accounting.

The financial activities of the county are recorded in individual funds and account groups used to report financial position and results of operations. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. An account group is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in funds because they do not directly affect net expendable available financial resources. The following fund categories, which are further subdivided into separate "fund types", are utilized by the county:

##### GOVERNMENTAL FUND TYPES

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

##### PROPRIETARY FUND TYPES

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.

##### FIDUCIARY FUND TYPES

Expendable Trust Funds - These funds are used to account for assets held by the county in a formal trustee capacity where the principal and income may be expended in the course of designated operations.

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.

ACCOUNT GROUPS - The General Fixed Assets Account Group is used to account for general fixed assets not accounted for in Proprietary Funds. The General Long-term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of Proprietary

## JACKSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 1999

Funds.

#### E. Basis of Accounting/Measurement Focus.

Governmental Fund Types and Expendable Trust and Agency Funds - All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all Governmental Fund Types, Expendable Trust Funds and Agency Funds. Under this method, revenues are recognized in the accounting period in which they become both available and measurable to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Expenditures are recognized in the accounting period in which the fund liability is incurred. Modifications to the accrual basis of accounting include:

- Licenses, fees, fines and forfeits and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Property taxes are recognized as revenue when received because the remaining delinquent property taxes not collected before the close of the fiscal year are considered immaterial. See Note 1L for further explanation.
- Principal and interest on general long-term debt are recognized when due.
- Obligations for accumulated unpaid employee benefits are recognized when paid.

Proprietary Fund Types - All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The accrual basis of accounting is utilized. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### F. Cash and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

#### G. Receivables.

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

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

H. Interfund Receivables/Payables.

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 "interfund receivables/payables."

I. Inventories.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in/first-out method.

J. Fixed Assets.

Fixed assets are not capitalized in the funds used to acquire or construct them (except in Proprietary Funds). Instead, capital acquisition and construction are reflected as expenditures in Governmental Funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are stated at cost where historical records are available and at an estimated historical cost where no historical records exist. The extent to which fixed assets costs have been estimated and the methods of estimation are not readily available. Donated fixed assets are recorded at their fair 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 general fixed assets. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the county, are not capitalized. Depreciation is not provided on general fixed assets.

Fixed 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 fixed assets are recorded at their fair value at the time of donation. Proprietary fixed assets, excluding land, are depreciated on the straight-line method over the following estimated useful lives of the respective assets:

Buildings and facilities	30 years
Mobile equipment	5 years

K. Fund Equity.

Unreserved fund balance represents the amount available for budgeting future operations. Unreserved retained earnings represents the net assets available for future operations or distribution. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Contributed capital represents equity acquired through capital grants, contributions from other funds or fixed assets transferred from the General Fixed Assets Account Group.

## JACKSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 1999

#### 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.

Generally accepted accounting principles require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue when received. Real property taxes are recognized as revenue when received because most delinquent real property taxes are collected by selling real property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of real property not sold for taxes at the tax sale is considered immaterial; therefore, no end of year delinquent taxes receivable is recorded. The amount of delinquent personal property taxes unpaid at year end is also considered immaterial. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

#### 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. Generally accepted accounting principles require accrual of accumulated unpaid employee benefits in Governmental Funds to the extent that they are to be paid with current assets and the remainder of the liability to be reported in the General Long-term Debt Account Group, representing the county's commitment to fund such costs from future operations. Due to immateriality, the current portion of the liability was not estimated and reported in the Governmental Funds. Therefore, the county's full liability in the amount of \$880,643 for accumulated unpaid personal leave up to a maximum of 30 days per employee payable from the Governmental Funds is reported in the General Long-term Debt Account Group of the accompanying combined balance sheet. In the Proprietary Funds, the compensated absences are reported as a liability of the funds in the amount of \$15,013, which represents an amount up to a maximum of 30 days per employee.

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

O. Total Column on Primary Government Financial Statements.

The total column on the primary government financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position and results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Stewardship, Compliance and Accountability.

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, the Tax Assessor and the 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. Budget/GAAP Reconciliation.

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances:

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Budget (Cash Basis)	\$ 1,948,971	1,815,939	11,935
Increase (Decrease)			
Net adjustment for revenue accruals	(6,874,991)	(1,338,683)	(93,712)
Net adjustment for expenditure accruals	6,977,281	1,291,123	135,000
To record excess of revenues & other sources over (under) expenditures & other uses for nonbudgeted funds	<u>11,931</u>	<u>11,439</u>	<u>          </u>
GAAP Basis	<u>\$ 2,063,192</u>	<u>1,779,818</u>	<u>53,223</u>

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

C. Excess of Actual Expenditures Over Budget in Individual Funds.

The following funds had an excess of actual expenditures over budget for the year ended September 30, 1999:

<u>Fund</u>	<u>Excess</u>
Special Revenue Funds:	
Jackson/George library	\$ 31,464
Port bond redemption	594,337
Triple subdivision lighting	2,545
Highway 63 interchange construction	259,684
Heinz building rental	6,424

D. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 1999:

General Fund:  
    Tort claims  
Special Revenue Funds:  
    CDBG trust account  
    Sophie Enterprises loan repay  
    Lagniappe loan repay

(3) Fund Reclassification.

The fund balance reclassification of \$2,914 in the General Fund Type and the retained earnings balance reclassification of (\$339,566) in the Enterprise Fund Types are the result of the fair board fund being reclassified, effective October 1, 1998, from an Enterprise Fund to a General Fund. The fund reclassification resulted in the fair board's fixed assets of \$2,503,296 being reclassified to the General Fixed Assets Account Group, its other loan liability of \$507,000 and compensated absences liability of \$3,883 being reclassified to the General Long-term Debt Account Group and a reduction to the Enterprise Fund Types' contributed capital balance of \$1,297,565.

(4) Deposits.

The county's cash and other deposits with financial institutions as of September 30, 1999, were entirely covered by federal depository insurance or by collateral held by the county or its agent in the county's name.

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

(5) Interfund Receivables and Payables.

The composition of interfund balances at September 30, 1999, consists of the following:

Interfund Receivables/Payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Industrial water supply	\$ 700,000
General Fund	Solid waste	101,000
General Fund	Geographical information system notes	10,000
General Fund	Records management notes	5,000
General Fund	Hurricane Georges	375,000
General Fund	Golf course	75,000
Road maintenance	General Fund	200,404
Solid waste	General Fund	34,366
Port bond redemption	General Fund	57,052
St. Andrews/Pinehurst lighting	General Fund	135
Gulf Park/St. Andrews fire district bond	General Fund	1,953
Gulf Park/St. Andrews fire district operations	General Fund	488
Bridge and culvert	General Fund	9,326
Triple subdivision lighting	General Fund	609
West Jackson County utility district	General Fund	4,611
Gulf Hills lighting	General Fund	288
Port operations	General Fund	11,047
Jackson/George library	General Fund	24,236
Fire department operating	General Fund	21,151
Capital improvements	General Fund	11,115
Road improvement bonds	General Fund	17,675
Courthouse bonds	General Fund	6,337
Homeport bonds	General Fund	21,340
Geographical information system notes	General Fund	6,314
Records management notes	General Fund	6,691
Gulf Coast Community College maintenance	General Fund	37,239
Gulf Coast Community College bonds	General Fund	28,011
Gautier utility bonds	General Fund	11,508
Gautier utility operations	General Fund	1,127
Escatawpa utility operations	General Fund	1,031
Pat Harrison Waterway	General Fund	3,334
Jackson County insurance fund	General Fund	141,295
Jackson County insurance fund	Road maintenance	60,554
Total		<u>\$ 1,985,237</u>

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

(6) Officer Receivable.

An officer receivable of \$315,027 is recorded on the combined balance sheet in the General Fund. This represents amounts considered due from the former Chancery Clerk of Jackson County for fees earned in excess of what is allowed by state law. Due to the unusual situation of the former Chancery Clerk being incarcerated, it has been difficult to meet with him to explain what is considered due the county. If the former Chancery Clerk can explain and document why the receivable should be reduced, the amount will be adjusted accordingly.

On July 16, 1998, the former Chancery Clerk of Jackson County pleaded guilty in the Circuit Court of Jackson County to eight counts of embezzlement of county funds and was removed from office on that date. On August 13, 1998, the former Chancery Clerk was sentenced to serve a period of 20 years at the Mississippi Department of Corrections on each count with ten years on each count suspended.

(7) Loans Receivable.

Loans receivable at September 30, 1999, consists of the following:

<u>Styling</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
Sandco Industries	10-01-91	4	11-04-04	\$ 50,000
Bayou Blend	09-22-94	4	09-01-99	86,254
Superior Optical	09-21-95	4	10-21-05	62,980
Sophie Enterprises	12-02-97	4	02-01-07	19,151
Lagniappe House loan	12-02-97	4	02-01-07	<u>111,985</u>
Total				<u>\$ 330,370</u>

(8) Fixed Assets.

Changes in the General Fixed Assets Account Group at September 30, 1999, are as follows:

	<u>Balance Oct. 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 1999</u>
Land	\$ 5,248,520		20,400	123,637	5,351,757
Buildings	17,415,456			1,857,967	19,273,423
Construction in progress	4,887,458	900,529			5,787,987
Mobile equipment	7,543,131	2,666,440	392,810		9,816,761
Other furniture and equipment	4,693,167	416,142	282,895	8,535	4,834,949
Leased property under capital leases	<u>5,140,707</u>		<u>2,269,668</u>		<u>2,871,039</u>
Total	<u>\$ 44,928,439</u>	<u>3,983,111</u>	<u>2,965,773</u>	<u>1,990,139</u>	<u>47,935,916</u>

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

The Proprietary Fund fixed assets balances at September 30, 1999, are as follows:

Proprietary Funds:

	<u>Balance Sept. 30, 1999</u>
Land	\$ 6,478
Buildings	24,050
Improvements other than buildings	197,004
Mobile equipment	<u>415,822</u>
 Total	 643,354
Less: Accumulated depreciation	<u>426,833</u>
 Net Book Value	 <u>\$ 216,521</u>

Adjustments to land include the reclassification of \$131,600 from Proprietary Funds to General Fixed Assets for fund reclassification and (\$7,963) from land to buildings for error correction. Adjustments to buildings include the reclassification of \$2,363,161 from Proprietary Funds to General Fixed Assets for fund reclassification, \$7,963 to buildings from land for error correction and (\$513,157) to remove the old courthouse building which was torn down to construct the new courthouse. Adjustments to other furniture and equipment include the reclassification of \$8,535 from Proprietary Funds mobile equipment to General Fixed Assets for fund reclassification.

(9) Commitments.

As of September 30, 1999, the county had the following commitments with respect to unfinished capital projects:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Courthouse renovation	\$ 61,813	November 1999

(10) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$350,000 for each accident and completely covers all 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 of \$1,000,000 per accident, provided by Employers' Reinsurance Corporation, effective from January 1, 1999, to January 1, 2000. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

The county is exposed to risk of loss relating to employee health and accident coverage. Beginning in October 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.

Premium payments to the risk management fund, which are administered by a local insurance company, are determined on an actuarial basis. The risk management fund services all claims for risk of loss to which the county is exposed. 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 plan to minimize this potential loss:

The county has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$60,000 and the aggregate policy covers all submitted claims in excess of \$940,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. At September 30, 1999, the amount of these liabilities was \$207,325. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1997-1998	\$ 165,166	1,699,674	1,685,492	179,348
1998-1999	179,348	2,294,620	2,266,643	207,325

(11) Capital Leases.

As Lessee:

The county is obligated for the following assets acquired through capital leases as of September 30, 1999:

Class of Property	General Fixed Assets Group
Other furniture and equipment	\$ 2,871,039
Leased Property Under Capital Leases	\$ 2,871,039

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

The future minimum lease payments together with the present value of the net minimum lease payables as of September 30, 1999, are as follows:

	General Long-term Debt Group
Year Ending September 30:	
2000	\$ 570,035
2001	446,088
2002	370,335
2003	325,927
2004	325,927
Later years	<u>325,926</u>
Total Minimum Lease Payments	2,364,238
Less: Amount representing interest	<u>473,852</u>
Present Value of Net Minimum Lease Payments	\$ <u><u>1,890,386</u></u>

(12) Long-term Debt.

Debt outstanding as of September 30, 1999, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
General Long-term Debt Account Group:			
A. General Obligation Bonds:			
Road improvement	\$ 1,805,000	4.75 - 6.0	09-01-02
Library bond refunding	680,000	4.8 - 6.5	05-01-09
Road improvement refunding	3,450,000	4.8 - 5.7	05-01-09
Water system	4,055,000	5.2 - 7.125	04-01-13
Courthouse	3,800,000	5.4 - 7.5	04-01-14
Port road improvement	3,435,000	5.125 - 6.25	09-12-12
Stennis industrial park	360,000	3.75 - 5.4	12-01-99
Port of Pascagoula	5,040,000	5.1 - 7.1	06-01-14
\$3.2 million Sunplex	2,970,000	8.4 - 8.75	02-01-15
\$4.1 million Heinz	3,810,000	8.0 - 10.0	03-01-15
Document management refunding	2,780,000	6.00	09-01-07
Louis Dreyfus	1,225,000	7.125	05-01-14
Port improvement 1998	<u>6,070,000</u>	5.49	11-01-08
Total General Obligation Bonds	\$ <u><u>39,480,000</u></u>		
B. Limited Obligation Bonds:			
Capital improvement COP	\$ 1,395,000	4.8 - 6.4	09-01-04
Jackson County office building project	<u>190,000</u>	4.2 - 6.1	09-01-02
Total Limited Obligation Bonds	\$ <u><u>1,585,000</u></u>		

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

Description and Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
C. Capital Leases:			
Radio system - Motorola	\$ 1,556,425	6.94	01-01-05
Computer - Hewlett Packard	22,070	6.43	07-01-01
Computer - Hewlett Packard	120,985	6.10	07-09-01
Computer - Hewlett Packard	59,169	6.10	07-09-01
Computer - Hewlett Packard	15,365	6.44	01-15-02
Printer - Hewlett Packard	<u>116,372</u>	5.09	09-25-02
Total Capital Leases	<u>\$ 1,890,386</u>		
D. Other Loans:			
Homeport construction	\$ 10,723,000	0	08-01-07
West Jackson County volunteer fire department	125,180	7.00	05-02-01
Fire truck	39,920	6.00	09-26-04
Vancleave fire department	45,856	7.50	03-04-04
Ocean Springs land note	665,000	4.90	10-01-00
GIS notes	515,000	4.80	09-01-01
Fort Bayou fire truck refinancing	26,516	4.79	09-01-01
Franklin Creek - Forts Lake fire trucks	28,475	5.25	04-01-01
Vancleave fire department	46,871	6.00	10-01-06
West Jackson County volunteer fire department	87,681	5.25	10-23-01
Industrial water supply	1,100,000	4.24	10-28-99
Franklin Creek - Forts Lake fire trucks	143,153	4.56	07-27-08
Vancleave fire department	169,062	4.84	05-26-08
Fontainebleau fire department	68,545	4.84	07-08-08
West Jackson County volunteer fire department	114,557	4.84	05-26-08
Fair barn note/general obligation note - Series 1998	1,520,000	3.90	07-01-03
Fire promissory note	<u>181,349</u>	4.62	04-23-09
Total Other Loans	<u>\$ 15,600,165</u>		

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

Annual debt service requirements to maturity for the following debt reported in the General Long-term Debt Account Group are as follows:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>	<u>Limited Obligation Bonds</u>	<u>Other Loans</u>	<u>Total</u>
2000	\$ 5,129,155	403,218	3,397,117	8,929,490
2001	4,733,761	405,100	2,986,637	8,125,498
2002	4,720,968	405,210	1,903,325	7,029,503
2003	4,054,324	333,745	1,889,171	6,277,240
2004	4,079,852	335,160	1,457,069	5,872,081
Later years	<u>37,289,077</u>		<u>4,435,045</u>	<u>41,724,122</u>
Total	60,007,137	1,882,433	16,068,364	77,957,934
Less: Amounts representing interest	<u>20,527,137</u>	<u>297,433</u>	<u>468,199</u>	<u>21,292,769</u>
Total at Present Value	\$ <u>39,480,000</u>	<u>1,585,000</u>	<u>15,600,165</u>	<u>56,665,165</u>

Legal Debt Margin - The amount of general obligation bonded debt that can be incurred by the county is limited by state statute. Total outstanding general obligation bonded 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, 1999, the amount of outstanding general obligation bonded debt was equal to 4.9% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the county defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. On September 30, 1999, \$3,980,000 of bonds outstanding were considered defeased.

The following changes occurred in liabilities reported at year end:

<u>Styling</u>	<u>Balance Oct. 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 1999</u>
General Long-term Debt Account Group:					
Compensated absences	\$ 812,905	63,855		3,883	880,643
General obligation bonds	41,980,000		2,500,000		39,480,000
Limited obligation bonds	1,875,000		290,000		1,585,000
Capital leases	3,362,684		1,472,298		1,890,386
Other loans	<u>18,296,599</u>	<u>181,349</u>	<u>3,384,783</u>	<u>507,000</u>	<u>15,600,165</u>
Total	\$ <u>66,327,188</u>	<u>245,204</u>	<u>7,647,081</u>	<u>510,883</u>	<u>59,436,194</u>

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

<u>Styling</u>	Balance Oct. 1, 1998	Additions	Reductions	Adjustments	Balance Sept. 30, 1999
Proprietary Funds:					
Fair barn note	\$ 507,000			(507,000)	
Compensated absences	13,521	5,375		(3,883)	15,013
Claims and judgments	<u>179,348</u>	<u>2,294,620</u>	<u>2,266,643</u>		<u>207,325</u>
Total	<u>\$ 699,869</u>	<u>2,299,995</u>	<u>2,266,643</u>	<u>(510,883)</u>	<u>222,338</u>

The adjustments of \$3,883 and \$507,000 are to reclassify the liabilities of the fair board fund from the Proprietary Funds to the General Long-term Debt because, effective October 1, 1998, the fund was reclassified from Enterprise Funds to General Funds.

(13) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county.

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

General Obligation Debt Contingencies - The county issues general obligation bonds and loans 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 loans 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:

<u>Styling</u>	Balance at <u>September 30, 1999</u>
General obligation bonds	\$ 17,295,000
General obligation loans	<u>682,360</u>
Total	\$ <u>17,977,360</u>

Utility District Revenue Bonds - The county is contingently liable for certain obligations which are repaid by governmental entities. The principal amount of such debt issued by the Escatawpa Water Service outstanding at year end consists of the following:

<u>Styling</u>	Balance at <u>September 30, 1999</u>
Utility district revenue bonds	\$ <u>965,000</u>

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

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. To secure the repayment of the hospital revenue bonds and notes, the Board of Supervisors may authorize payment of the avails of an ad valorem tax levy on all taxable property in the county not to exceed five mills in any one year. The principal amount of such debt outstanding at year end consists of the following:

<u>Description or Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Singing River Hospital revenue bonds	\$ 58,545,000	4.0 - 5.5	03-2023
Singing River Hospital note - Series 1995	659,424	5.25	09-2005
Singing River Hospital note - Series 1996	457,057	5.25	04-2001

Hospital Certificates of Participation - The county has issued Certificates of Participation (COP) on behalf of the Singing River Hospital for the purpose of constructing certain medical facilities. Although the hospital has recorded the COP and assets on its financial statements, the county remains contingently liable for such debt. The principal amount of such debt outstanding at year end consists of the following:

<u>Description or Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Jackson County medical facilities COP	\$ 3,050,000	6.3	05-2015
Jackson County medical facilities COP	4,305,000	6.1 - 7.1	04-2016

Volunteer Fire Department Loans - The county has borrowed money on behalf of certain volunteer fire departments within the county. These assets are not carried on the county's fixed asset inventory and, in fact, do not belong to the county. However, the county is contingently liable because the volunteer fire departments cannot legally enter into any interest-bearing indebtedness. The principal amount of such debt outstanding at year end consists of the following:

<u>Description or Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Three River volunteer fire department equipment	\$ 71,494	5.99	05-2005
East Central volunteer fire department equipment	111,357	6.19	05-2005

JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 1999

(14) No Commitment Debt (Not Included in Financial Statements).

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

<u>Styling</u>	<u>Balance at September 30, 1999</u>
Industrial revenue bonds and notes	\$ <u>311,754,823</u>

(15) Segment Information for Enterprise Funds.

The county maintains two Enterprise Funds which provide recreation services and community services. Segment information for the year ended September 30, 1999, is summarized below:

	<u>Golf Course Fund</u>	<u>Ocean Springs Harbor Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 412,705	108,551	521,256
Depreciation	62,293	10,463	72,756
Operating income (loss)	(41,452)	5,554	(35,898)
Operating interfund transfers	(4,000)	(1,500)	(5,500)
Net income (loss)	(45,818)	4,054	(41,764)
Additions to fixed assets	170,112	522	170,634
Disposal of fixed assets	80,932	9,170	90,102
Current capital contributions	10,586	10,057	20,643
Net working capital	(67,608)	28,538	(39,070)
Long-term debt payable from operating revenues	10,233	4,780	15,013
Total assets	188,755	63,696	252,451
Total retained earnings	50,936	43,925	94,861
Total fund equity	103,522	58,916	162,438

(16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The 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 counties contribute only a small part of the entity's total revenues.

## JACKSON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 1999

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 \$129,377 for support of Jackson County Civic Action in fiscal year 1999.

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 counties contribute only a small part of the entity's total revenues.

Harrison-Jackson County Emergency Medical Service District operates in a district composed of the Counties of Harrison and Jackson. The district is presently composed of the following five members: 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. Each member government appropriates a modest amount of financial support to the district.

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 \$4,548,423 for maintenance and support of the college in fiscal year 1999.

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.

(17) 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 7.25% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 1999, 1998 and 1997 were \$1,344,059, \$1,266,414 and \$1,207,083, respectively, equal to the required contributions for each year.

(18) Subsequent Events.

Subsequent to September 30, 1999, Jackson County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11-99	4.23	\$ 7,640,000	Tax anticipation note	Tax levy

JACKSON COUNTY

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JACKSON COUNTY

SUPPLEMENTAL INFORMATION

JACKSON COUNTY

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JACKSON COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 1999

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>MAJOR FEDERAL AWARDS</b>			
U.S. Department of Commerce - Economic Development Administration Special economic development and adjustment assistance program	11.307	N/A	\$ <u>447,687</u>
Federal Emergency Management Agency/Passed-through the Mississippi Emergency Management Agency Public assistance grant	83.544	N/A	<u>2,182,454</u>
Total Major Federal Awards			<u>2,630,141</u>
<b>OTHER FEDERAL AWARDS</b>			
U.S. Department of Housing and Urban Development/Passed-through the Mississippi Department of Economic and Community Development Community development block grant	14.228	5-030-PF-01	<u>152,192</u>
U.S. Department of Justice - Office of Justice Programs/Passed-through the Mississippi Department of Public Safety Drug control and systems improvement grant	16.579	1078NM1301	<u>151,697</u>
U.S. Department of Agriculture/Passed-through the Mississippi Department of Education Food distribution program	10.550	12-35-2823	2,117
School breakfast program	10.553	12-35-2823	13,657
School lunch program	10.555	12-35-2823	<u>16,813</u>
Total U.S. Department of Agriculture			<u>32,587</u>
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation Bridge inspection program	20.205	BR-NBIS 042B	1,320
Bridge inspection program	20.205	BR-NBIS 043B	<u>1,320</u>
Total U.S. Department of Transportation			<u>2,640</u>
Federal Emergency Management Agency/Passed-through the Mississippi Emergency Management Agency Mitigation assistance program	83.535	7211-HP	<u>3,000</u>
Office of National Drug Control Policy/Passed-through the Mississippi Department of Public Safety High intensity drug trafficking area award	07.UN	I8PGCP518	12,918
High intensity drug trafficking area award	07.UN	I9PGCP518	<u>14,598</u>
Total Office of National Drug Control Policy			<u>27,516</u>
Total Other Federal Awards			<u>369,632</u>
Total Expenditures of Federal Awards			<u>\$ 2,999,773</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.

JACKSON COUNTY

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JACKSON COUNTY

SPECIAL REPORTS

JACKSON COUNTY

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## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

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

April 7, 2000

Members of the Board of Supervisors  
Jackson County, Mississippi

We have audited the primary government financial statements of Jackson County, Mississippi, as of and for the year ended September 30, 1999, and have issued our report thereon dated April 7, 2000. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Jackson County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Jackson County, Mississippi, in our Independent Auditor's Report on Compliance with State Laws and Regulations dated April 7, 2000, included within this document.

Internal Control Over Financial Reporting

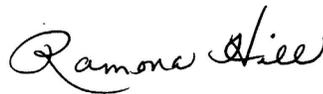
In planning and performing our audit, we considered Jackson County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jackson County, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 99-1, 99-2, 99-3, 99-4 and 99-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-1, 99-2, 99-4 and 99-5 to be material weaknesses.

This report is intended solely for the information and use of management 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.



PHIL BRYANT  
State Auditor



RAMONA HILL, CPA  
Director, Financial and Compliance Audit Division



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

April 7, 2000

Members of the Board of Supervisors  
Jackson County, Mississippi

#### Compliance

We have audited the compliance of Jackson County, Mississippi, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1999. Jackson County, Mississippi'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, contracts and grants applicable to each of its major federal programs is the responsibility of Jackson County, Mississippi's management. Our responsibility is to express an opinion on Jackson County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jackson County, Mississippi's compliance with those requirements.

As described in item 99-6 in the accompanying Schedule of Findings and Questioned Costs, Jackson County, Mississippi, did not comply with requirements regarding subrecipient monitoring that are applicable to its U.S. Department of Commerce Economic Development Administration; special economic development and adjustment assistance program. Compliance with such requirements is necessary, in our opinion, for Jackson County, Mississippi, to comply with 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 requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

#### Internal Control Over Compliance

The management of Jackson County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

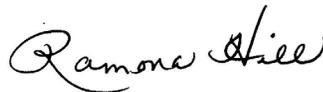
We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Jackson County, Mississippi's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-6.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management 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.



PHIL BRYANT  
State Auditor



RAMONA HILL, CPA  
Director, Financial and Compliance Audit Division



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

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

April 7, 2000

Members of the Board of Supervisors  
Jackson County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Jackson County, Mississippi, as of and for the year ended September 30, 1999. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Jackson County, Mississippi, is responsible for 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). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Jackson County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any 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.

In our opinion, Jackson County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

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.



PHIL BRYANT  
State Auditor



RAMONA HILL, CPA  
Director, Financial and Compliance Audit Division

JACKSON COUNTY  
 Schedule of Purchases Not Made From the Lowest Bidder  
 For the Year Ended September 30, 1999

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reasons for Accepting Other Than the Lowest Bid</u>
10-23-98	Hydraulic rescue tool	\$ 14,500	Magnolia Fire and Rescue	\$ 12,853	Low bidder's product did not meet minimum requirements.
02-26-99	Janitorial service for new courthouse	35,000	TNT Janitorial	21,600	Low bidder withdrew their bid upon inspection of the job task and review of the requirements.
08-04-99	Track type tractor Caterpillar	160,085	Puckett Machinery	112,980	Low bidders tractor did not meet bid specifications.

JACKSON COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 1999

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reasons for Emergency Purchase</u>
11-03-98	Roof for health department building	\$ 50,603	Mike McAdams Roofing	Hurricane Georges destroyed roof.

JACKSON COUNTY  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 1999

Schedule 3

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
11-17-98	Euthanizer equipment for animal shelter	\$	9,020	AAI Equipment Sales
03-01-99	Motorola portable radio (digital)		3,227	Motorola
04-06-99	Surveillance equipment for undercover narcotics task force		21,255	Audio Intelligence
06-08-99	Disguised cellular phone		4,910	Audio Intelligence

JACKSON COUNTY

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

April 7, 2000

Members of the Board of Supervisors  
Jackson County, Mississippi

We have audited the primary government financial statements of Jackson County, Mississippi, as of and for the year ended September 30, 1999, and have issued our report thereon dated April 7, 2000. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. We conducted our audit in accordance with generally accepted auditing standards and the procedures prescribed by the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. 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.

The results of our procedures and our audit of the primary government financial statements disclosed certain immaterial instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are disclosed below.

Board of Supervisors.

1. Finding

Section 19-11-17, Miss. Code Ann. (1972), prohibits the incurring of expenditures in excess of the final budget as approved by the Board of Supervisors. Actual expenditures exceeded budgeted amounts of various funds.

Recommendation

The Board of Supervisors should not make expenditures in excess of budgeted amounts.

Board of Supervisors' Response

The Board of Supervisors recognizes the law and continues to strive to monitor the budget on a daily basis. The budget overruns are a result of interfund transfers.

2. Finding

Sections 19-11-7 and 19-11-11, Miss. Code Ann. (1972), require that a complete budget of all funds be prepared and approved by the Board of Supervisors. However, the following funds were omitted from the annual budget:

Tort claims fund  
CDBG trust account  
Sophie Enterprises loan repay  
Laginappe loan repay

Recommendation

The Board of Supervisors should ensure that all funds are included in the annual budget as required.

Board of Supervisors' Response

The funds listed, as well as all funds, have been budgeted for the current year.

Director of Finance.

3. Finding

Section 19-13-43, Miss. Code Ann. (1972), requires cash to be available in funds before checks are written. Checks were written on county funds which did not have sufficient cash balances. The following funds had negative cash balances at September 30, 1999:

Solid waste management  
Port bond redemption

Recommendation

The county should have sufficient money in the funds upon which warrants are written.

Director of Finance's Response

Error corrections resulted in these funds reflecting negative cash balances as September 30, 1999.

This report is intended solely for the information and use of management 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.



PHIL BRYANT  
State Auditor



RAMONA HILL, CPA  
Director, Financial and Compliance Audit Division

JACKSON COUNTY

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JACKSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JACKSON COUNTY

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## JACKSON COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 1999

#### Section 1: Summary of Auditor's Results

1. An unqualified opinion was issued on the primary government financial statements.
2. As described in Section 2 of this schedule, reportable conditions in internal control over financial reporting were disclosed by the audit of the primary government financial statements. The reportable conditions described in Findings 99-1, 99-2, 99-4 and 99-5 are considered material weaknesses.
3. The audit did not disclose any noncompliance which is material to the primary government financial statements.
4. As described in Section 3 of this schedule, a reportable condition in internal control over major programs was disclosed by the audit. The reportable condition described in Finding 99-6 is considered to be a material weakness.
5. An unqualified opinion was issued on compliance over all major federal award programs except for the U.S. Department of Commerce Economic Development Administration; special economic development and adjustment assistance program, which was qualified.
6. The audit disclosed one audit finding which is required to be reported under Section 510(a) of OMB Circular A-133. This finding is described in Section 3 of this schedule.
7. The programs tested as major programs included: Public assistance grant, CFDA No. 83.544 and special economic development and adjustment assistance program, CFDA No. 11.307.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Jackson County, Mississippi, was not determined to be a low-risk auditee.

#### Section 2: Financial Statement Findings

Director of Finance.

##### 99-1. Finding

Section 7-7-211, Miss. Code Ann. (1972), gives the Office of the State Auditor the authority to prescribe accounting systems. During the course of the audit, we discovered several instances where individual account detail postings for the year did not agree to the totals posted for the year.

##### Recommendation

We strongly recommend that any instances where individual account detail postings do not agree with totals posted for the year be investigated and corrected immediately. We strongly recommend that the finance department and the county's computer department work closely to correct and eliminate these problems.

## JACKSON COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 1999

#### 99-2. Finding

Section 7-7-211, Miss. Code Ann. (1972), gives the Office of the State Auditor the authority to prescribe accounting systems. As reported in the prior year's audit report, the county's bank reconciliations were not performed properly or timely. Several months after the end of fiscal year 1999, the county did not have a proper bank reconciliation causing a delay in some of the audit work. This delay and improper reconciliation necessitated an unidentified adjustment of \$484,160 in the cash accounts.

#### Recommendation

The Director of Finance should insure that the book balance is properly reconciled to the bank balance on a monthly basis.

Sheriff.

#### 99-3. Finding

Section 7-7-211, Miss. Code Ann. (1972), gives the Office of the State Auditor the authority to prescribe accounting systems. As reported in prior years' audit reports, we noted the following deviations from the prescribed accounting system contained in the *Mississippi County Financial Accounting Manual*:

- a. Balances were not carried forward from month to month in the cash journal.
- b. Bank accounts were not properly reconciled to the cash journal.
- c. The checkbook did not show a balance after each check written and deposit made, which would have provided a "double check" with the cash journal and bank reconciliation.
- d. Settlements to other depositories were not made promptly, resulting in a large bank balance. In the absence of other records being properly kept, this makes it difficult to determine where funds belong.
- e. Currently, the bookkeeping clerk at the Sheriff's office deposits cash receipts, makes disbursements and maintains the accounting records. As a result, there is limited segregation of duties for internal control purposes.

#### Recommendation

Since this problem has existed several years, we strongly recommend that all settlements be made as soon as possible. Also, proper record keeping should be initiated immediately in order to determine the exact amounts available in the account. Failure to maintain proper accounting records could result in improper disbursing of the available funds and could result in not enough funds available for remittance to the proper depositories. Management should consider having someone independent of the bookkeeping clerk make a periodic comparison of cash collections to bank deposits and recorded amounts.

## JACKSON COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 1999

#### Computer Manager.

##### 99-4. Finding

As reported in prior years' audit reports, the county did not have adequate controls to restrict physical access to the computer room. Access is not limited to operators and others whose job duties require physical access. The computer room door was not kept locked. The computer room did not have solid walls that are fire resistant extending to the ceiling or fire resistant doors, floors, furniture or other furnishings. The computer room did not have an alternative power source or emergency lighting.

##### Recommendation

Access to the computer room should be restricted. The entry door should be solid and kept locked. An alternative power source, as well as emergency lighting, should be installed.

##### 99-5. Finding

As reported in prior years' audit reports, the county had inadequate control over logical access to production programs or data. The county did not have a written policy for access security. The computer department was not always notified when an employee is terminated or changes job duties.

##### Recommendation

Software and data should be kept in a restricted access area. The county should develop written policies for access security. The county should use an automated log to record and monitor access to program documentation, system software, production programs, production data files and on line application systems. The computer department should be notified immediately when an employee terminates or job duties are changed. The Office of the State Auditor will furnish the EDP department with guidelines and recommended solutions to this problem.

#### Section 3: Federal Award Findings

##### 99-6. Finding

Program: U.S. Department of Commerce - Economic Development Administration;  
special economic development and adjustment assistance program –  
CFDA No. 11.307; Grant No. 04-49-04323.

Compliance Requirement: Subrecipient Monitoring

Under the requirements of the Single Audit Act, if a primary recipient receives federal financial assistance and awards assistance to a subrecipient, the primary recipient is responsible for determining that the expenditures of federal monies passed through to the subrecipient are utilized in accordance with applicable laws and regulations. Jackson County, as primary recipient, provided \$447,687 of federal financial assistance to the Jackson County Port Authority, a subrecipient. As reported in the prior year's audit report, we discovered no evidence that the county monitored the subrecipient's compliance with federal requirements on the administration of these funds.

Questioned Costs: None

##### Recommendation

JACKSON COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 1999

The pass-through entity (Jackson County Board of Supervisors) should initiate monitoring procedures to provide reasonable assurance that the subrecipient has complied with all requirements of the Single Audit Act. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient has required audits performed and takes appropriate corrective action on any audit findings.

JACKSON COUNTY

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

JACKSON COUNTY

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