

JACKSON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019

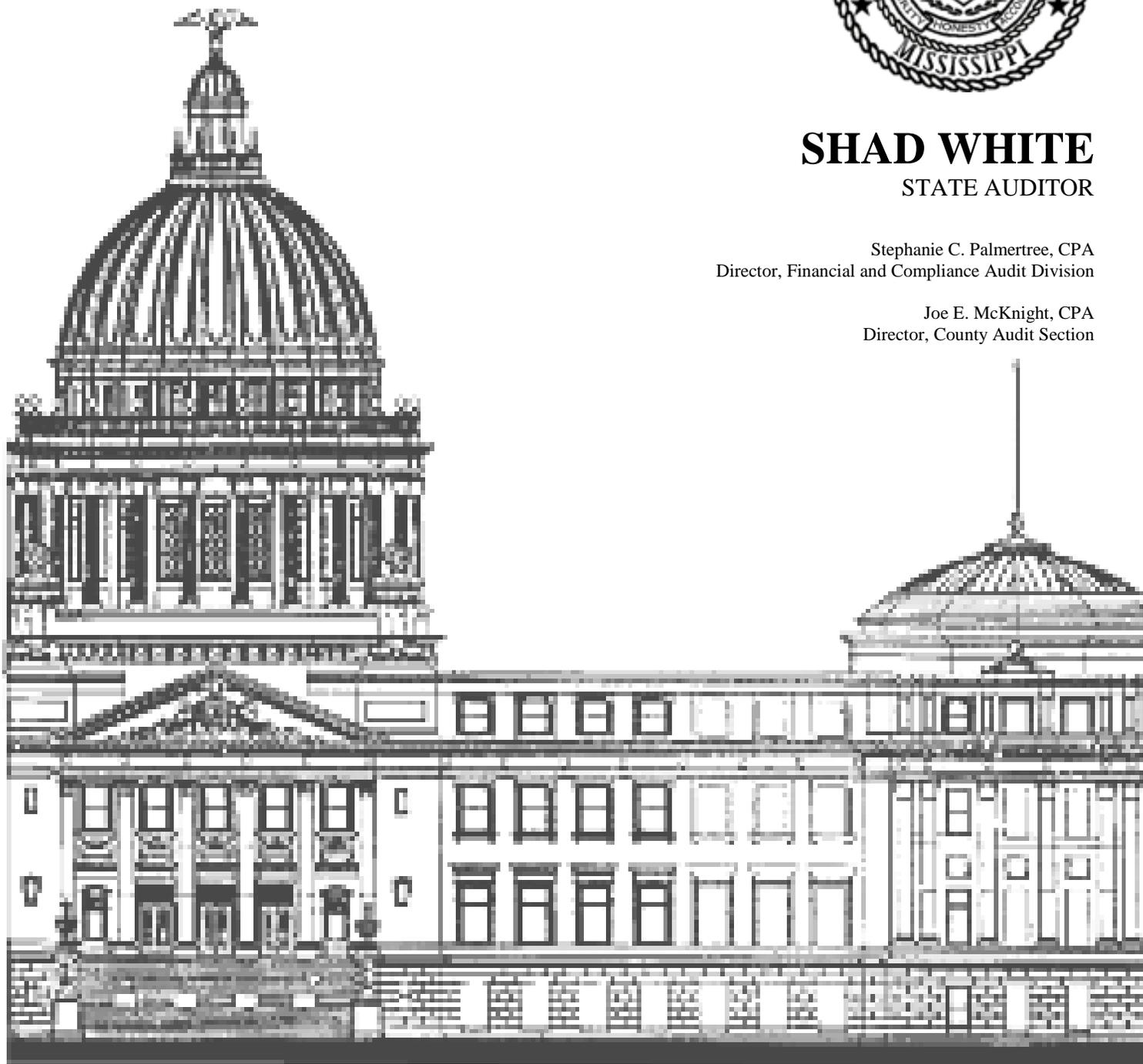


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

September 3, 2020

Members of the Board of Supervisors
Jackson County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for Jackson County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Jackson County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Jackson County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a faint, circular watermark or background.

Shad White

JACKSON COUNTY

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JACKSON COUNTY

FINANCIAL SECTION

JACKSON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jackson County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Singing River Health/Mental Retardation Services, Singing River Health System, West Jackson County Utility District, Jackson County Emergency Communications District, Jackson County Port Authority and Jackson-George Regional Library System, which represent 1%, 66%, 11%, 0.50%, 21% and 0.50%, respectively, of the assets, (2%), 71%, 6%, 1%, 25% and (1%), respectively of the net position, and 2%, 90%, 2%, 0.50%, 5% and 0.50%, respectively of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aforementioned component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Budgetary Comparison Schedules and corresponding notes, the Schedule of Changes in the County's Total OPEB Liability and Related Ratios, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, the Schedule of Singing River Mental Health/Mental Retardations Services' Proportionate Share of the Net Pension Liability, the Schedule of Singing River Mental Health/Mental Retardation Services' Contributions, the Schedule of West Jackson County Utility District's Proportionate Share of the Net Pension Liability, the Schedule of West Jackson County Utility District's Contributions, the Schedule of Jackson County Emergency Communications District's Proportionate Share of the Net Pension Liability, the Schedule of Jackson County Emergency Communications District's Contributions, the Schedule of Jackson County Port Authority's Proportionate Share of the Net Pension Liability, the Schedule of Jackson County Port Authority's Contributions, the Schedule of Jackson-George Regional Library System's Proportionate Share of the Net Pension Liability, the Schedule of Jackson-George Regional Library System's Contributions, the Schedule of Jackson-George Regional Library System's Proportionate Share of OPEB and the Schedule of Jackson-George Regional Library System's Contributions – OPEB be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Jackson County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2020 on our consideration of Jackson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jackson County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 3, 2020

JACKSON COUNTY

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JACKSON COUNTY

FINANCIAL STATEMENTS

JACKSON COUNTY

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JACKSON COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
ASSETS				
Cash	\$ 114,606,954		114,606,954	87,620,355
Restricted assets - cash		452,912	452,912	15,368,801
Restricted assets - investments	1,009,078		1,009,078	
Investments				51,880,208
Deposits				2,679
Grants receivable				353,847
Property tax receivable	81,568,293		81,568,293	
Receivables, net of allowance				44,824,719
Fines receivable (net of allowance for uncollectibles of \$20,302,779)	4,779,503		4,779,503	
Loans receivable	74,908		74,908	
Intergovernmental receivables	2,023,549		2,023,549	
Other receivables	2,674		2,674	2,694,977
Prepaid expenses	809,402		809,402	
Inventories and prepaid items				10,583,429
Trusted bond funds				3,041,767
Held by trustees for self-insurance funding				3,624,672
Investment in surgery centers				4,314,747
Capital assets:				
Land and construction in progress	32,693,854	199,029	32,892,883	45,998,750
Other capital assets, net	240,932,810	7,377,090	248,309,900	296,684,499
Intangible assets, net				1,425,930
Other assets				4,331,648
Total Assets	478,501,025	8,029,031	486,530,056	572,751,028
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	4,671,646	65,669	4,737,315	4,451,382
Deferred outflows related to other postemployment benefits	836,347		836,347	50,242
Total Deferred Outflows of Resources	5,507,993	65,669	5,573,662	4,501,624
LIABILITIES				
Claims payable	5,215,212	53,802	5,269,014	
Accounts payable				19,189,060
Payroll liabilities				31,112,570
Due to third-party payors				3,213,831
Accrued liabilities				911,848
Intergovernmental payables	2,684,826		2,684,826	
Accrued interest payable	322,280		322,280	
Unearned revenue				5,630,401
Customer deposits				592,565
Current installments of pension settlement liability				4,200,000
Claims and judgments payable	634,439		634,439	
Long-term liabilities				
Other postemployment benefits payable	3,694,200		3,694,200	470,737
Other payables	5,104,937		5,104,937	
Pension settlement liability				61,447,901
Net pension liability	88,445,316	1,200,564	89,645,880	29,791,941
Due within one year:				
Capital debt	4,046,888		4,046,888	11,342,214
Non-capital debt				229,890

JACKSON COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
Due in more than one year:				
Capital debt	27,874,093		27,874,093	153,220,576
Non-capital debt	2,617,542	49,073	2,666,615	428,215
Total Liabilities	140,639,733	1,303,439	141,943,172	321,781,749
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,041,378	14,761	1,056,139	360,714
Deferred inflows related to other postemployment benefits	749,511		749,511	34,626
Deferred revenues - property taxes	81,568,293		81,568,293	
Total Deferred Inflows of Resources	83,359,182	14,761	83,373,943	395,340
NET POSITION				
Net investment in capital assets	241,705,683	7,576,119	249,281,802	181,238,797
Restricted for:				
Expendable:				
Public safety	4,120,265	194,314	4,314,579	
Public works	30,424,489		30,424,489	
Conservation of natural resources	4,250,560		4,250,560	
Economic development and assistance	210,712		210,712	
Debt service	15,138,584		15,138,584	5,815,109
Unemployment compensation	63,085		63,085	
Indigent care				5,104,937
Harbor maintenance				8,458,280
Capital projects				2,122,517
Unemployment fund reserve				15,000
Other purposes				2,309,257
Unrestricted	(35,903,275)	(993,933)	(36,897,208)	50,011,666
Total Net Position	\$ 260,010,103	6,776,500	266,786,603	255,075,563

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

JACKSON COUNTY
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 30,863,279	4,725,351	729,529		(25,408,399)		(25,408,399)	
Public safety	23,064,611	1,083,808	754,869	48,100	(21,177,834)		(21,177,834)	
Public works	32,673,197		12,863,790	2,226,879	(17,582,528)		(17,582,528)	
Health and welfare	14,964,469		122,934		(14,841,535)		(14,841,535)	
Culture and recreation	5,458,624			80,235	(5,378,389)		(5,378,389)	
Education	345,457				(345,457)		(345,457)	
Conservation of natural resources	1,192,114		2,689,291		1,497,177		1,497,177	
Economic development and assistance	4,020,703			2,500	(4,018,203)		(4,018,203)	
Interest on long-term debt	1,164,456				(1,164,456)		(1,164,456)	
Pension expense	10,031,078				(10,031,078)		(10,031,078)	
Other postemployment benefits expense	486,124				(486,124)		(486,124)	
Total Governmental Activities	<u>124,264,112</u>	<u>5,809,159</u>	<u>17,160,413</u>	<u>2,357,714</u>	<u>(98,936,826)</u>		<u>(98,936,826)</u>	
Business-type activities:								
Adult detention center canteen fund	84,582	61,221				(23,361)	(23,361)	
Harbor	538,781	269,048				(269,733)	(269,733)	
Golf Course	1,117,950	680,946				(437,004)	(437,004)	
Total Business-type Activities	<u>1,741,313</u>	<u>1,011,215</u>	<u>0</u>	<u>0</u>		<u>(730,098)</u>	<u>(730,098)</u>	
Total Primary Government	<u>\$ 126,005,425</u>	<u>6,820,374</u>	<u>17,160,413</u>	<u>2,357,714</u>	<u>(98,936,826)</u>	<u>(730,098)</u>	<u>(99,666,924)</u>	
Component units:								
Singing River Mental Health/ Mental Retardation Services	\$ 8,997,486	4,739,955	3,257,783					(999,748)
Singing River Health System	355,719,710	396,418,471	12,704,937					53,403,698
West Jackson County Utility District	6,832,801	9,125,064						2,292,263
Jackson County Emergency Communications District	1,634,958	1,435,757						(199,201)
Jackson County Port Authority	21,627,132	11,943,432	10,397,906					714,206
Jackson-George Regional Library System	4,498,520	142,792	836,392					(3,519,336)
Total Component Units	<u>\$ 399,310,607</u>	<u>423,805,471</u>	<u>27,197,018</u>	<u>0</u>				<u>51,691,882</u>

JACKSON COUNTY
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
General revenues:								
Property taxes					\$ 84,067,690		84,067,690	3,247,743
Road & bridge privilege taxes					1,870,919		1,870,919	
Grants and contributions not restricted to specific programs					2,347,536		2,347,536	
In lieu taxes - Mississippi Power					6,178,410		6,178,410	
Unrestricted gifts and donations					83,406		83,406	
Unrestricted interest income					3,520,316	17,730	3,538,046	(6,652,263)
Miscellaneous					4,389,901	578	4,390,479	503,967
Special item - gain on sale of assets								188,736
Transfers					(450,000)	450,000		2,533,883
Total General Revenues and Transfers					<u>102,008,178</u>	<u>468,308</u>	<u>102,476,486</u>	<u>(177,934)</u>
Changes in Net Position					<u>3,071,352</u>	<u>(261,790)</u>	<u>2,809,562</u>	<u>51,513,948</u>
Net Position - Beginning, as previously reported					253,155,103	7,039,083	260,194,186	203,561,615
Prior period adjustments					<u>3,783,648</u>	<u>(793)</u>	<u>3,782,855</u>	
Net Position - Beginning, as restated					<u>256,938,751</u>	<u>7,038,290</u>	<u>263,977,041</u>	<u>203,561,615</u>
Net Position - Ending					<u>\$ 260,010,103</u>	<u>6,776,500</u>	<u>266,786,603</u>	<u>255,075,563</u>

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

JACKSON COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2019

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Road Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 54,308,471	12,828,890	44,090,431	111,227,792
Restricted assets - investments	1,009,078			1,009,078
Property tax receivable	52,104,630	17,240,754	12,222,909	81,568,293
Fines receivable (net of allowance for uncollectibles of \$20,302,779)	4,779,503			4,779,503
Loans receivable	74,908			74,908
Intergovernmental receivables	1,431,859	579,912	11,778	2,023,549
Other receivables	2,674			2,674
Due from other funds	304,767	299,228	111,379	715,374
Advances to other funds	335,641			335,641
Total Assets	\$ 114,351,531	30,948,784	56,436,497	201,736,812
LIABILITIES				
Liabilities:				
Claims payable	\$ 2,542,309	730,469	1,942,434	5,215,212
Intergovernmental payables	2,473,164		528	2,473,692
Due to other funds	620,199		304,767	924,966
Advances from other funds			335,641	335,641
Total Liabilities	5,635,672	730,469	2,583,370	8,949,511
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	52,104,630	17,240,754	12,222,909	81,568,293
Unavailable revenue - fines	4,779,503			4,779,503
Total Deferred Inflows of Resources	56,884,133	17,240,754	12,222,909	86,347,796
Fund balances:				
Nonspendable:				
Advances	335,641			335,641
Restricted for:				
Public safety			4,120,265	4,120,265
Public works		12,977,561	17,446,928	30,424,489
Health and welfare			97,780	97,780
Conservation of natural resources			4,250,560	4,250,560
Economic development and assistance			210,712	210,712
Debt service			15,460,864	15,460,864
Unemployment compensation			63,085	63,085
Tort claims	1,009,078			1,009,078
Unassigned	50,487,007		(19,976)	50,467,031
Total Fund Balances	51,831,726	12,977,561	41,630,218	106,439,505
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 114,351,531	30,948,784	56,436,497	201,736,812

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

JACKSON COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 106,439,505
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$175,008,961.	273,626,664
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,779,503
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(39,643,460)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(3,694,200)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(88,445,316)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(322,280)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds.	809,402
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	4,671,646
Deferred inflows of resources related to pensions	(1,041,378)
Deferred outflows related to other postemployment benefits	836,347
Deferred inflows related to other postemployment benefits	(749,511)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>2,743,181</u>
Total Net Position - Governmental Activities	\$ <u>260,010,103</u>

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

JACKSON COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund		
REVENUES				
Property taxes	\$ 54,010,866	17,569,673	12,487,151	84,067,690
Road and bridge privilege taxes		1,870,919		1,870,919
Licenses, commissions and other revenue	2,837,548			2,837,548
Fines and forfeitures	1,642,054		147,522	1,789,576
In lieu taxes - Mississippi Power	6,178,410			6,178,410
Intergovernmental revenues	3,419,282	2,453,836	16,075,951	21,949,069
Charges for services	920,324			920,324
Interest income	2,420,304	461,674	638,338	3,520,316
Miscellaneous revenues	1,812,214	233,156	2,142,927	4,188,297
Total Revenues	<u>73,241,002</u>	<u>22,589,258</u>	<u>31,491,889</u>	<u>127,322,149</u>
EXPENDITURES				
Current:				
General government	31,019,490		409,272	31,428,762
Public safety	18,775,896		6,374,924	25,150,820
Public works	2,081,407	24,292,636	11,772,672	38,146,715
Health and welfare	9,060,063		672,468	9,732,531
Culture and recreation	7,211,282		1,944,132	9,155,414
Education	345,457			345,457
Conservation of natural resources	239,547		960,581	1,200,128
Economic development and assistance	2,306,171		1,752,500	4,058,671
Debt service:				
Principal	1,260,000		2,446,500	3,706,500
Interest	842,891		328,662	1,171,553
Total Expenditures	<u>73,142,204</u>	<u>24,292,636</u>	<u>26,661,711</u>	<u>124,096,551</u>
Excess of Revenues over (under) Expenditures	<u>98,798</u>	<u>(1,703,378)</u>	<u>4,830,178</u>	<u>3,225,598</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			1,750,000	1,750,000
Proceeds from sale of capital assets	846,757	866	60,628	908,251
Transfers in	38,410	1,160,007	7,520,298	8,718,715
Transfers out	(7,630,305)		(1,538,410)	(9,168,715)
Total Other Financing Sources and Uses	<u>(6,745,138)</u>	<u>1,160,873</u>	<u>7,792,516</u>	<u>2,208,251</u>
Net Changes in Fund Balances	<u>(6,646,340)</u>	<u>(542,505)</u>	<u>12,622,694</u>	<u>5,433,849</u>
Fund Balances - Beginning, as previously reported	58,643,036	13,520,066	26,161,796	98,324,898
Fund reclassification	(323,878)		323,878	
Prior period adjustments	158,908		2,521,850	2,680,758
Fund Balances - Beginning, as restated	<u>58,478,066</u>	<u>13,520,066</u>	<u>29,007,524</u>	<u>101,005,656</u>
Fund Balances - Ending	<u>\$ 51,831,726</u>	<u>12,977,561</u>	<u>41,630,218</u>	<u>106,439,505</u>

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

JACKSON COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 5,433,849
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$17,395,751 exceeded depreciation of \$10,369,317 in the current period.	7,026,434
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$201,604 and the proceeds from the sale of \$908,251 in the current period.	(706,647)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	261,711
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$3,706,500 exceeded debt proceeds of \$1,750,000.	1,956,500
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absence liability.	(84,136)
The amount of decrease in accrued interest payable.	7,097
The increase in other postemployment benefits payable.	(474,483)
The increase in other payables.	(5,104,937)
Under the modified accrual basis of accounting used in the Governmental Funds, prepaid items are reported as expenditures. However, in the Statement of Activities, only the portion of expenses related to the current period are reported. Thus, the change in net position differs from the change in fund balance by the amount of increase in prepaid items.	85,724

JACKSON COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

	<u>Amount</u>
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(10,031,078)
Recording of contributions made during the year	5,368,161
Some items reported in the Statement of Activities relating to the implementation of GASB 75 are not reported in the governmental funds. These activities include:	
Amortization of other postemployment benefits deferred outflows/inflows	(11,641)
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	<u>(655,202)</u>
Change in Net Position of Governmental Activities	\$ <u><u>3,071,352</u></u>

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

JACKSON COUNTY
Statement of Net Position - Proprietary Funds
September 30, 2019

Exhibit 5

	Business-type Activities - Enterprise Funds	Governmental Activities
	Non-major Funds	Internal Service Funds
ASSETS		
Current assets:		
Cash	\$	3,379,162
Restricted assets - cash	452,912	
Total Current Assets	<u>452,912</u>	<u>3,379,162</u>
Noncurrent assets:		
Capital assets:		
Land	199,029	
Other capital assets, net	7,377,090	
Total Noncurrent Assets	<u>7,576,119</u>	<u>0</u>
Total Assets	<u>8,029,031</u>	<u>3,379,162</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	65,669	0
Total Deferred Outflows of Resources	<u>65,669</u>	<u>0</u>
LIABILITIES		
Current liabilities:		
Claims payable	53,802	
Claims and judgments payable		634,439
Intergovernmental payables		1,542
Total Current Liabilities	<u>53,802</u>	<u>635,981</u>
Noncurrent liabilities:		
Net pension liability	1,200,564	
Non-capital debt:		
Compensated absences payable	49,073	
Total Noncurrent Liabilities	<u>1,249,637</u>	<u>0</u>
Total Liabilities	<u>1,303,439</u>	<u>635,981</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	14,761	0
Total Deferred Inflows of Resources	<u>14,761</u>	<u>0</u>
NET POSITION		
Net investment in capital assets	7,576,119	
Restricted for:		
Public safety	194,314	
Health and welfare		2,743,181
Unrestricted	(993,933)	
Total Net Position	<u>\$ 6,776,500</u>	<u>2,743,181</u>

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

JACKSON COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds	Governmental Activities
	Non-major Funds	Internal Service Funds
Operating Revenues		
Sales and charges for services	\$ 1,011,215	
Premiums		9,067,018
Miscellaneous	578	106,907
Total Operating Revenues	<u>1,011,793</u>	<u>9,173,925</u>
Operating Expenses		
Personal services	702,210	
Contractual services	212,543	
Materials and supplies	271,755	
Depreciation expense	409,526	
Claims payments		7,635,208
Administrative		2,303,380
Pension expense	142,185	
Total Operating Expenses	<u>1,738,219</u>	<u>9,938,588</u>
Operating Income (Loss)	<u>(726,426)</u>	<u>(764,663)</u>
Nonoperating Revenues (Expenses)		
Gain (loss) on sale of capital assets	(3,094)	
Interest income	17,730	109,461
Net Nonoperating Revenue (Expenses)	<u>14,636</u>	<u>109,461</u>
Net Income (Loss) Before Transfers	(711,790)	(655,202)
Transfers in	450,000	
Changes in Net Position	<u>(261,790)</u>	<u>(655,202)</u>
Net Position - Beginning, as previously reported	7,039,083	3,398,383
Prior period adjustment	(793)	
Net Position - Beginning, as restated	<u>7,038,290</u>	<u>3,398,383</u>
Net Position - Ending	<u>\$ 6,776,500</u>	<u>2,743,181</u>

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

JACKSON COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities - <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
	Non-major Funds	
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,011,215	
Receipts for premiums		9,067,018
Payments to suppliers	(463,339)	
Payments to employees	(766,726)	(7,239,436)
Payments for claims		(2,386,870)
Other operating cash receipts	578	106,907
Net Cash Provided (Used) by Operating Activities	<u>(218,272)</u>	<u>(452,381)</u>
Cash Flows From Noncapital Financing Activities		
Cash received from other funds:		
Operating transfers in	450,000	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>450,000</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(93,974)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(93,974)</u>	<u>0</u>
Cash Flows From Investing Activities		
Interest on deposits	17,730	109,461
Net Cash Provided (Used) by Investing Activities	<u>17,730</u>	<u>109,461</u>
Net Increase (Decrease) in Cash and Cash Equivalents	155,484	(342,920)
Cash and Cash Equivalents at Beginning of Year	297,428	3,722,082
Cash and Cash Equivalents at End of Year	<u>\$ 452,912</u>	<u>3,379,162</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (726,426)	(764,663)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	409,526	
Changes in assets and liabilities:		
Increase (decrease) in claims payable	24,368	
Increase (decrease) in claims and judgments liability		312,282
Increase (decrease) in compensated absences liability	8,176	
Increase (decrease) in intergovernmental payables	(10)	
Increase (decrease) in net pension liability, deferred inflows/outflows, net	66,094	
Total Adjustments	<u>508,154</u>	<u>312,282</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (218,272)</u>	<u>(452,381)</u>

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

JACKSON COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 4,158,915
Due from other funds	<u>209,592</u>
Total Assets	<u>\$ 4,368,507</u>
LIABILITIES	
Intergovernmental payables	<u>\$ 4,368,507</u>
Total Liabilities	<u>\$ 4,368,507</u>

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

JACKSON COUNTY
Component Units - Combining Statement of Net Position
September 30, 2019

	Component Units						Total
	Singing River Mental Health/Mental Retardation Services	Singing River Health System	West Jackson County Utility District	Jackson County Emergency Communications District	Jackson County Port Authority	Jackson-George Regional Library System	
ASSETS							
Cash	\$ 781,214	63,211,162	7,389,195	838,289	13,969,376	1,431,119	87,620,355
Restricted assets - cash	276,546				15,092,255		15,368,801
Investments		51,880,208					51,880,208
Deposits	2,679						2,679
Grants receivable	353,847						353,847
Receivables, net of allowance	546,734	39,601,654	1,044,666	236,427	3,236,458	158,780	44,824,719
Other receivables		2,694,977					2,694,977
Inventories and prepaid items	139,892	9,636,344	124,874	107,646	526,319	48,354	10,583,429
Trusted bond funds		3,041,767					3,041,767
Held by trustees for self-insurance funding		3,624,672					3,624,672
Investment in surgery centers		4,314,747					4,314,747
Capital assets:							
Land and construction in progress	10,000	12,829,644	7,281,222		25,877,884		45,998,750
Other capital assets, net	3,875,291	184,904,266	45,389,448	1,398,701	59,795,226	1,321,567	296,684,499
Intangible assets, net		1,425,930					1,425,930
Other assets		4,331,648					4,331,648
Total Assets	<u>5,986,203</u>	<u>381,497,019</u>	<u>61,229,405</u>	<u>2,581,063</u>	<u>118,497,518</u>	<u>2,959,820</u>	<u>572,751,028</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	117,943	3,610,648	220,622	46,565	223,105	232,499	4,451,382
Deferred outflows related to other postemployment benefits						50,242	50,242
Total Deferred Outflows of Resources	<u>117,943</u>	<u>3,610,648</u>	<u>220,622</u>	<u>46,565</u>	<u>223,105</u>	<u>282,741</u>	<u>4,501,624</u>
LIABILITIES							
Accounts payable	111,936	15,094,958	781,072	64,105	3,094,319	42,670	19,189,060
Payroll liabilities	194,884	30,917,686					31,112,570
Due to third-party payors		3,213,831					3,213,831
Accrued liabilities	441,735	469,926				187	911,848
Unearned revenue					5,630,401		5,630,401
Customer deposits			592,565				592,565
Current installments of pension settlement liability		4,200,000					4,200,000
Long-term liabilities							

JACKSON COUNTY
Component Units - Combining Statement of Net Position
September 30, 2019

	Component Units						Total
	Singing River Mental Health/Mental Retardation Services	Singing River Health System	West Jackson County Utility District	Jackson County Emergency Communications District	Jackson County Port Authority	Jackson-George Regional Library System	
Other postemployment benefits payable						470,737	470,737
Pension settlement liability		61,447,901					61,447,901
Net pension liability	11,345,415		3,422,981	422,207	8,795,987	5,805,351	29,791,941
Due within one year:							0
Capital debt		9,238,515	2,103,699				11,342,214
Non-capital debt	30,539			16,915	94,450	87,986	229,890
Due in more than one year:							0
Capital debt		78,341,858	38,106,379		36,772,339		153,220,576
Non-capital debt	170,880			16,915	152,435	87,985	428,215
Total Liabilities	<u>12,295,389</u>	<u>202,924,675</u>	<u>45,006,696</u>	<u>520,142</u>	<u>54,539,931</u>	<u>6,494,916</u>	<u>321,781,749</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	136,337		43,568	5,073	105,974	69,762	360,714
Deferred inflows related to other postemployment benefits						34,626	34,626
Total Deferred Inflows of Resources	<u>136,337</u>	<u>0</u>	<u>43,568</u>	<u>5,073</u>	<u>105,974</u>	<u>104,388</u>	<u>395,340</u>
NET POSITION							
Net investment in capital assets	3,885,291	113,801,377	11,931,090	1,398,701	48,900,771	1,321,567	181,238,797
Restricted for:							
Expendable:							
Debt service		3,041,767	2,771,956		1,386		5,815,109
Indigent care		5,104,937					5,104,937
Harbor maintenance					8,458,280		8,458,280
Capital projects			2,122,517				2,122,517
Unemployment fund reserve					15,000		15,000
Other purposes	276,546				2,007,914	24,797	2,309,257
Unrestricted	(10,489,417)	60,234,911	(425,800)	703,712	4,691,367	(4,703,107)	50,011,666
Total Net Position	<u>\$ (6,327,580)</u>	<u>182,182,992</u>	<u>16,399,763</u>	<u>2,102,413</u>	<u>64,074,718</u>	<u>(3,356,743)</u>	<u>255,075,563</u>

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

JACKSON COUNTY

Component Units - Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2019

	Component Units						Total
	Singing River Mental Health/Mental Retardation Services	Singing River Health System	West Jackson County Utility District	Jackson County Emergency Communications District	Jackson County Port Authority	Jackson-George Regional Library System	
Operating Revenues							
Charges for services	\$ 4,739,955				11,943,432	142,792	16,826,179
Connection fees			424,442				424,442
County revenue	453,000						453,000
Government grants	2,568,755						2,568,755
Grants and contributions					10,397,906	836,392	11,234,298
Net assets released from restrictions	148,528						148,528
Other grants	87,500						87,500
Other revenues		13,799,165	289,191				14,088,356
Patient services revenue		382,619,306					382,619,306
Sales to customers			8,411,431				8,411,431
Surcharges				1,435,757			1,435,757
Total Operating Revenues	<u>7,997,738</u>	<u>396,418,471</u>	<u>9,125,064</u>	<u>1,435,757</u>	<u>22,341,338</u>	<u>979,184</u>	<u>438,297,552</u>
Operating Expenses							
Administrative and general			772,402		3,673,867	4,390,369	8,836,638
Bayou Casotte					5,321,402		5,321,402
Black Creek					818,008		818,008
Client fee waiver	81,780						81,780
Commodities	382,581						382,581
Contractual services	1,835,633						1,835,633
Depreciation and amortization	105,126	23,058,108	1,982,953	547,508			25,693,695
Employee benefits		27,945,187					27,945,187
(Contra) pension expense		(5,245,594)					(5,245,594)
Insurance				52,883			52,883
Industrial parks					472,689		472,689
Law library						56,742	56,742
Maintenance and operation			2,706,326	220,187	915,370		3,841,883
Other expenses		35,449,929					35,449,929
Pension liability adjustment due to GASB 68 and 71	560,174						560,174
Personnel costs	5,756,637						5,756,637
Port operations					9,048,670		9,048,670
Professional fees		4,788,254		123,678			4,911,932
Purchased services		35,695,533					35,695,533
Salaries and wages		140,427,541		266,285			140,693,826

JACKSON COUNTY

Component Units - Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2019

	Component Units						Total
	Singing River Mental Health/Mental Retardation Services	Singing River Health System	West Jackson County Utility District	Jackson County Emergency Communications District	Jackson County Port Authority	Jackson-George Regional Library System	
Singing River Island					1,377,126		1,377,126
Supplies		92,751,752		23,536			92,775,288
Travel	127,027						127,027
Treatment and collection fees			1,371,120				1,371,120
Utilities and telephone				400,881			400,881
Youth services						51,409	51,409
Total Operating Expenses	<u>8,848,958</u>	<u>354,870,710</u>	<u>6,832,801</u>	<u>1,634,958</u>	<u>21,627,132</u>	<u>4,498,520</u>	<u>398,313,079</u>
Operating Income (Loss)	<u>(851,220)</u>	<u>41,547,761</u>	<u>2,292,263</u>	<u>(199,201)</u>	<u>714,206</u>	<u>(3,519,336)</u>	<u>39,984,473</u>
Non-Operating Revenues (Expenses)							
Ad valorem taxes			312,487			2,935,256	3,247,743
Contributions and grants released from restrictions	(148,528)						(148,528)
Gain (loss) on disposal of assets		(18,194)	192,100		16,338	(1,508)	188,736
Interest and investment income (expense)	10,345	(6,005,031)	(1,070,301)	99	392,760	19,865	(6,652,263)
Bond issuance costs		(849,000)					(849,000)
Non capital contribution - Jackson County		12,704,937					12,704,937
Miscellaneous income			471		46,759	11,405	58,635
State health grant						269,729	269,729
State life grant						3,882	3,882
State personnel grant						171,721	171,721
Transfer (to) from other governments					2,533,883		2,533,883
Total Non-Operating Revenues (Expenses)	<u>(138,183)</u>	<u>5,832,712</u>	<u>(565,243)</u>	<u>99</u>	<u>2,989,740</u>	<u>3,410,350</u>	<u>11,529,475</u>
Change in Net Position	(989,403)	47,380,473	1,727,020	(199,102)	3,703,946	(108,986)	51,513,948
Net Position - Beginning	<u>(5,338,177)</u>	<u>134,802,519</u>	<u>14,672,743</u>	<u>2,301,515</u>	<u>60,370,772</u>	<u>(3,247,757)</u>	<u>203,561,615</u>
Net Position - Ending	<u>\$ (6,327,580)</u>	<u>182,182,992</u>	<u>16,399,763</u>	<u>2,102,413</u>	<u>64,074,718</u>	<u>(3,356,743)</u>	<u>255,075,563</u>

JACKSON COUNTY

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JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Jackson County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Jackson County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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. Individual Component Unit Disclosures.

Discretely Presented Component Units

The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County.

Singing River Mental Health/Mental Retardation Services ("the Agency"), established by Section 41-19-31, Miss. Code Ann. (1972), authorizes the Agency to establish facilities within which to operate and maintain programs to serve the mentally ill and mentally retarded patients in Jackson County and George County. The Agency is governed by a two-member Board of Commissioners with each county's Board of Supervisors appointing one member. Each of these Commissioners sits on the fifteen-member Board of Directors for the Agency which manages the day-to-day operations of the Agency.

Singing River Health System ("the Public Hospital"), established by Section 41-13-15, Miss. Code Ann. (1972), authorizes the Public Hospital to provide for the establishment, maintenance and operation of health facilities to serve community health needs in Jackson County. Facilities operated by the Public Hospital include: 1) Singing River Hospital, 2) Ocean Springs Hospital, 3) Singing River Medical Park and Ocean Springs Medical Park, 4) the Neuroscience Center, 5) the Regional Cancer Center and 6) five primary care clinics throughout the County. The Public Hospital is governed by a nine-member Board of Trustees with the Jackson County Board of Supervisors appointing seven members. The 2018 financial statements were reissued on December 4, 2019.

West Jackson County Utility District ("the Utility District") was created in 1974 by the Jackson County Board of Supervisors under the provisions of Senate Bill 2251, under the Laws of the State of Mississippi 1966. The Utility District provides water and sewer collection services to user customers in the unincorporated areas of Western Jackson County. The Utility District is governed by a five-member Board of Commissioners appointed by the Jackson County Board of Supervisors.

Jackson County Emergency Communications District ("the Communications District") was established by Section 19-5-305, Miss. Code Ann. (1972), to provide E-911 services to Jackson

JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

County residents. The seven-member Board of Commissioners is appointed entirely by the Jackson County Board of Supervisors.

Jackson County Port Authority (“the Port Authority”) was established in 1956 under Chapter 199 of the Laws of the State of Mississippi. The Port Authority was provided exclusive jurisdiction over improvements resulting from the acts (harbors, waters, vessels, etc.) for the purpose of importing and exporting under a tariff approved by the Federal Maritime Commission. The Port Authority is also charged with the operations of an industrial water supply, a water pollution control system and a water cooling lake. The Jackson County Board of Supervisors appoints five members to the nine-member Port Commission with the remaining members appointed by the Governor of Mississippi.

Jackson-George Regional Library System (“The Library System”) was created by contract between the Jackson County Board of Supervisors and the George County Board of Supervisors under Section 39-3-9, Miss. Code Ann. (1972). Eight library facilities are maintained that provide services to the residents of both counties. The Library System is governed by a regional Board of Trustees with appointees made by each county’s Board of Supervisors.

Certified public accounting firms other than the primary government auditor prepare audited financial statement information for each discretely presented component unit listed above and are provided to the County as the primary government. Financial information may be obtained from the Jackson County Chancery Clerk’s office at Post Office Box 998, Pascagoula, Mississippi 39568-0998.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County’s governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

PROPRIETARY FUND 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. The County's internal service funds report on self-insurance programs for employee medical and worker's compensation benefits.

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, 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.

G. Receivables.

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

H. Interfund Transactions and Balances.

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

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

I. Inventories and Prepaid Items.

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

J. Restricted Assets.

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

K. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

L. Deferred Outflows/Inflows of Resources:

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

Deferred outflows related to pensions - This amount represents the proportionate share of the deferred outflows of resources reported by the pension plan in which the County, as well as the Singing River Mental Health/Mental Retardation Services, the West Jackson County Utility District, the Jackson County Emergency Communications District, the Jackson County Port Authority and the Jackson-George Regional Library System, all discretely presented component units of the County, participate. See Note 14 for additional details.

Deferred outflows related to other postemployment benefits (OPEB) - This amount represents the proportionate share of the deferred outflows of resources reported by the OPEB plan in which the County, as well as the Jackson-George Regional Library System, a component unit of the County, participate. See Note 13 for additional details.

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

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

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

Deferred inflows related to pensions - This amount represents the proportionate share of the deferred inflows of resources reported by the pension plan in which the County, as well as the Singing River Mental Health/Mental Retardation Services, the West Jackson County Utility District, the Jackson County Emergency Communications District, the Jackson County Port Authority and the Jackson-George Regional Library System, all discretely presented component units of the County, participate. See Note 14 for additional details.

Deferred inflows related to other postemployment benefits (OPEB) - This amount represents the proportionate share of the deferred inflows of resources reported by the OPEB plans in which the County, as well as the Jackson-George Regional Library System, a component unit of the County, participate. See Note 13 for additional details.

M. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

N. Long-term Liabilities.

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

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

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

P. Property Tax Revenues:

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

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

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

Q. 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.

R. Compensated Absences.

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

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(2) Fund Reclassification (Accounting Change).

The State Fire Insurance Rebate Fund's beginning fund balance of \$323,878 was reclassified from a General Fund to a Special Revenue Fund because the activity of the fund is restricted in nature. This fund was misclassified in the prior year.

(3) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets, net.	\$ 1,102,890
To correct prior year errors in deferred inflows of unearned revenue.	2,521,850
To correct prior year errors in loans receivable.	<u>158,908</u>
Total prior period adjustments	<u>\$ 3,783,648</u>

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

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets, net.	\$ <u>(793)</u>

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in loans receivable.	\$ 158,908
To correct prior year errors in deferred inflows of unearned revenue.	<u>2,521,850</u>
Total prior period adjustments	<u>\$ 2,680,758</u>

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

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors in capital assets, net.	\$ <u>(793)</u>

(4) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$119,218,781, and the bank balance was \$120,016,553. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

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

Investments balances at September 30, 2019, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury Notes	Less than one year	1	\$ 300,083	AAA
U.S. Treasury Notes	More than one year	1	588,208	AAA
GNMA Pools	More than one year	2	4,398	AAA
U.S. Treasury Notes	More than one year	1	51,721	AAA
GNMA Pools	More than one year	2	42,238	AAA
GNMA Pools	More than one year	2	22,430	AAA
Total			\$ <u>1,009,078</u>	

The County categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. The investments in the U.S Treasury Notes were held by the investment's county party (trustee) not in the name of the County.

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 304,767
Road Fund	General Fund	299,228
Other Governmental Funds	General Fund	111,379
Agency Funds	General Fund	<u>209,592</u>
Total		<u>\$ 924,966</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October, 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	<u>\$ 335,641</u>

The advances to the other governmental funds represent prior year loans made to funds in the anticipation of grant receipts.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 38,410
Road Fund	General Fund	160,007
Road Fund	Other Governmental Funds	1,000,000
Other Governmental Funds	General Fund	7,020,298
Other Governmental Funds	Other Governmental Funds	500,000
Non-major Enterprise Funds	General Fund	<u>450,000</u>
Total		<u>\$ 9,168,715</u>

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

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 962,369
Emergency management performance grants reimbursement	96,008
Mississippi Department of Environmental Quality grant reimbursement	17,338
Reimbursement for housing prisoners	109,960
Jackson County School District resource officer reimbursement	120,000
State Aid reimbursement	579,912
Various expense reimbursements	35,907
Various reimbursement grants	102,055
Total Governmental Activities	<u>\$ 2,023,549</u>

(7) Loans Receivable.

Loans receivable balances at September 30, 2019, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Sandco Industries*	10/01/1991	4.00%	11/04/2004	\$ 50,000
Bayou Blend*	09/22/1994	4.00%	09/01/1999	86,254
Gulf Breeze Landscaping**	05/02/2018	0.00%	08/10/2020	74,908
Total				<u>211,162</u>
Less: Allowance for doubtful accounts*				<u>(136,254)</u>
Loans Receivable				<u>\$ 74,908</u>

** On May 2, 2018 Jackson County, Mississippi issued a promissory note to Gulf Breeze Landscaping, LLC, who promised to pay to the order of Jackson County, Mississippi the principal amount of \$193,908.34. The principal amount is due and payable in twenty-seven (27) equal monthly installments of \$7,000 beginning May 10, 2018 with the final payment of \$4,908.34 due and payable on August 10, 2020.

(8) Restricted Assets.

At September 30, 2019, restricted assets consisted of:

	Governmental Activities	Business-type Activities
MS Tort Claims Trust (investments)	\$ 1,009,078	\$
ADC Canteen (cash)		194,314
Golf Course (cash)		136,316
Ocean Springs Harbor (cash)		122,282
Total restricted assets	<u>\$ 1,009,078</u>	<u>\$ 452,912</u>

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(9) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 15,394,601		12,000	12,000	15,394,601
Construction in progress	14,829,460	9,059,035		(6,589,242)	17,299,253
Total non-depreciable capital assets	<u>30,224,061</u>	<u>9,059,035</u>	<u>12,000</u>	<u>(6,577,242)</u>	<u>32,693,854</u>
<u>Depreciable capital assets:</u>					
Infrastructure	211,762,287	36,463		909,164	212,707,914
Buildings	116,628,204	302,736			116,930,940
Improvements other than buildings	28,504,339	3,402,348		6,945,829	38,852,516
Mobile equipment	37,416,760	3,443,371	1,761,559	14,480	39,113,052
Furniture and equipment	7,535,089	1,151,798	248,801	(100,737)	8,337,349
Total depreciable capital assets	<u>401,846,679</u>	<u>8,336,716</u>	<u>2,010,360</u>	<u>7,768,736</u>	<u>415,941,771</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	104,870,638	3,097,312			107,967,950
Buildings	27,047,605	2,146,735		20,034	29,214,374
Improvements other than buildings	5,514,563	1,511,150			7,025,713
Mobile equipment	22,773,489	2,907,735	1,082,195	93,465	24,692,494
Furniture and equipment	5,660,458	706,385	233,518	(24,895)	6,108,430
Total accumulated depreciation	<u>165,866,753</u>	<u>10,369,317</u>	<u>1,315,713</u>	<u>88,604</u>	<u>175,008,961</u>
Total depreciable capital assets, net	<u>235,979,926</u>	<u>(2,032,601)</u>	<u>694,647</u>	<u>7,680,132</u>	<u>240,932,810</u>
Governmental activities capital assets \$	<u>266,203,987</u>	<u>7,026,434</u>	<u>706,647</u>	<u>1,102,890</u>	<u>273,626,664</u>

Business-type activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 199,029				199,029
Total non-depreciable capital assets	<u>199,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,029</u>
<u>Depreciable capital assets:</u>					
Buildings	1,370,247				1,370,247
Improvements other than buildings	7,660,033				7,660,033
Mobile equipment	468,818	86,829	30,942		524,705
Furniture and equipment	175,864	7,145			183,009
Total depreciable capital assets	<u>9,674,962</u>	<u>93,974</u>	<u>30,942</u>	<u>0</u>	<u>9,737,994</u>
<u>Less accumulated depreciation:</u>					
Buildings	27,406	27,406			54,812
Improvements other than buildings	1,532,020	306,404			1,838,424
Mobile equipment	297,769	60,172	27,848	(180)	329,913
Furniture and equipment	121,238	15,544		973	137,755
Total accumulated depreciation	<u>1,978,433</u>	<u>409,526</u>	<u>27,848</u>	<u>793</u>	<u>2,360,904</u>
Total depreciable capital assets, net	<u>7,696,529</u>	<u>(315,552)</u>	<u>3,094</u>	<u>(793)</u>	<u>7,377,090</u>
Business-type activities capital assets, net \$	<u>7,895,558</u>	<u>(315,552)</u>	<u>3,094</u>	<u>(793)</u>	<u>7,576,119</u>

*Adjustments are for the reclassification of completed construction in progress. Other adjustments were made to correct prior year errors in capital assets.

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 1,520,485
Public safety	2,442,192
Public works	5,681,551
Health and welfare	211,640
Culture and recreation	437,198
Economic development and assistance	<u>76,251</u>
Total governmental activities depreciation expense	<u>\$ 10,369,317</u>
	<u>Amount</u>
Business-type activities:	
Harbor	\$ 308,282
Golf Course	<u>101,244</u>
Total business-type activities depreciation expense	<u>\$ 409,526</u>

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Gautier Soccer Drainage and Parking Improvements	\$ 50,000	10/1/2019
St Martin Soccer - Lemoyne Blvd Park (BOS proj)	62,000	12/31/2020
Vancleave Arena Horse Barn Expansion	15,828	10/1/2019
Amherst Drive Drainage Project	250,000	10/1/2020
Avtech Turn Lane/Saracennia Road	300,000	10/20/2020
Augusta Road (2012-10-144)	4,000	12/19/2020
Bayou Talla (2017-03-416)	350,000	10/20/2020
Beachview Drive Improvements (Proj #167456)	1,400,000	6/1/2021
Belle Vale Drive (2012-04-104)	15,000	10/20/2020
Big Point Road (LSBP-30(16)) #SA037	725,000	10/20/2020
Big Ridge Drainage Easement (2019-08-556)	167,000	2/20/2020
Caraway Road Improvements (2016-01-357)	130,000	10/20/2020
Center St to North St Drainage Proj	250,000	10/20/2020
Glendale (East) 2019-09-562	30,000	10/20/2020
Goffville Road Bridge (2016-01-358)	150,000	10/20/2020
Graveline Bridge (STP-BR-9191 (1)B)	4,200,000	10/1/2022
Gulf Hills Drainage Proj (2019-02-534)	100,000	10/20/2020
Hanover Drive/Oakleigh Circle Drainage Proj (2015-03-299)	400,000	6/1/2021
Holder Road Bridge SA30-0177 (2018-04-481)	100,000	4/20/2020
Hwy SR609&Old Fort Bayou Rd (STP-9385-00(015))LPA/106888-701000	2,500,000	10/1/2022
I-10 Connector Road (2013-03-159)	10,640,000	10/1/2021
Jefferson Drainage Project	585,000	10/1/2021
Lemoyne Blvd Drainage (2015-02-293)	650,000	7/1/2021
Lemoyne Blvd - Erosion Control Phase II WA-29	750,000	6/1/2022

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Lemoyne Blvd - McCann Rd	400,000	6/20/2020
North 9th Street (2019-04-541)	4,000	2/20/2020
Ocean Springs - Vancleave Road (STP-9065-(2)B)	1,300,000	6/21/2020
Ocean Springs Front Beach Erosion (Phase II) + Survey	2,300,000	6/1/2021
Ocean Springs Soccer Complex Entrance on Hwy 90	150,000	10/1/2021
Old Biloxi Road (SAP-30(27))	1,250,000	10/1/2021
Old Fort Bayou Impr. from Rose Farm (2017-04-420)	4,700,000	10/1/2021
Old Walnut Phase II (2015-07-332)	5,200	2/20/2020
Parkers Lake Bridge	1,700,000	6/1/2021
Poticaw/Johns Bayou Rd Realign (2017-03-414)	700,000	6/1/2021
Roy Cumbest Bridge	10,000,000	10/1/2022
Rue Beaux Chenes Drainage	600,000	10/1/2021
Seaman Road Bridge #SA77	600,000	6/1/2021
Seaman Road Bridge #124	600,000	6/1/2021
St Andrew West Drainage	150,000	10/20/2020
Shooting Range Facility (2016-11-400)	500,000	6/1/2021
Solomon Rd Bridge #536	175,000	10/20/2020
State Line Drainage	30,000	10/20/2020
Windsor Drainage	300,000	10/20/2020
Yellow Jacket Road Sidewalks Proj (BSTP-0030-00(039) LPA/107508-701000	280,000	6/1/2021

Component Units:

The Singing River Mental Health/Mental Retardation Services' capital asset balances at June 30, 2019 are as follows:

Singing River Mental Health/Mental Retardation Services:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 10,000			10,000
Total non-depreciable capital assets	10,000	0	0	10,000
<u>Depreciable capital assets:</u>				
Buildings	3,216,569	80,000		3,296,569
Building improvements	572,185			572,185
Equipment	1,405,897	357,044	39,760	1,723,181
Software	414,667			414,667
Total depreciable capital assets	5,609,318	437,044	39,760	6,006,602
<u>Less accumulated depreciation:</u>	2,065,945	105,126	39,760	2,131,311
Total depreciable capital assets, net	3,543,373	331,918	0	3,875,291
Component unit capital assets, net	\$ 3,553,373	331,918	0	3,885,291

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

The Singing River Health System's capital asset balances at September 30, 2019 are as follows:

Singing River Health System:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 5,597,289	200,000		5,797,289
Construction in progress	9,629,390	7,992,138	10,589,173	7,032,355
Total non-depreciable capital assets	<u>15,226,679</u>	<u>8,192,138</u>	<u>10,589,173</u>	<u>12,829,644</u>
<u>Depreciable capital assets:</u>				
Land improvements	6,390,088	108,440		6,498,528
Buildings and improvements	254,543,295	2,847,169		257,390,464
Fixed equipment	13,946,381			13,946,381
Movable equipment	254,479,732	19,595,170	1,225,746	272,849,156
Total depreciable capital assets	<u>529,359,496</u>	<u>22,550,779</u>	<u>1,225,746</u>	<u>550,684,529</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	4,851,426	198,421		5,049,847
Buildings and improvements	132,614,180	8,511,663		141,125,843
Fixed equipment	12,299,999	175,337		12,475,336
Movable equipment	196,049,638	12,287,151	1,207,552	207,129,237
Total accumulated depreciation	<u>345,815,243</u>	<u>21,172,572</u>	<u>1,207,552</u>	<u>365,780,263</u>
Total depreciable capital assets, net	<u>183,544,253</u>	<u>1,378,207</u>	<u>18,194</u>	<u>184,904,266</u>
Component unit capital assets, net	<u>\$ 198,770,932</u>	<u>9,570,345</u>	<u>10,607,367</u>	<u>197,733,910</u>

The West Jackson County Utility District's capital asset balances at September 30, 2019 are as follows:

West Jackson County Utility District:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>				
Land	\$ 67,439	4,794	19,544	52,689
Construction in progress	11,485,746	1,446,654	5,703,867	7,228,533
Total non-depreciable capital assets	<u>11,553,185</u>	<u>1,451,448</u>	<u>5,723,411</u>	<u>7,281,222</u>
<u>Depreciable capital assets:</u>				
Office furniture and equipment	398,012	141,623	67,431	472,204
Buildings	538,530	4,690,847	537,797	4,691,580
Machinery and equipment	973,990	10,865	369,635	615,220
Vehicles	789,200	320,287	33,761	1,075,726
Utility systems	52,736,853	7,514,144		60,250,997
Total depreciable capital assets	<u>55,436,585</u>	<u>12,677,766</u>	<u>1,008,624</u>	<u>67,105,727</u>
<u>Less accumulated depreciation for:</u>	20,098,631	1,982,953	365,305	21,716,279
Total depreciable capital assets, net	<u>35,337,954</u>	<u>10,694,813</u>	<u>643,319</u>	<u>45,389,448</u>
Component unit capital assets, net	<u>\$ 46,891,139</u>	<u>12,146,261</u>	<u>6,366,730</u>	<u>52,670,670</u>

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Notes to Financial Statements
For the Year Ended September 30, 2019

The Jackson County Emergency Communications District's capital asset balances at September 30, 2019 are as follows:

Jackson County Emergency Communications District:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Depreciable capital assets:</u>				
Furniture and fixtures	\$ 473,468			473,468
Auto	26,642			26,642
Communications system	12,570,886			12,570,886
Total depreciable capital assets	<u>13,070,996</u>	<u>0</u>	<u>0</u>	<u>13,070,996</u>
<u>Less accumulated depreciation for:</u>				
Furniture and fixtures	339,695	35,127		374,822
Auto	26,642			26,642
Communications system	10,758,450	512,381		11,270,831
Total accumulated depreciation	<u>11,124,787</u>	<u>547,508</u>	<u>0</u>	<u>11,672,295</u>
Total depreciable capital assets, net	<u>1,946,209</u>	<u>(547,508)</u>	<u>0</u>	<u>1,398,701</u>
Component unit capital assets, net	<u>\$ 1,946,209</u>	<u>(547,508)</u>	<u>0</u>	<u>1,398,701</u>

The Jackson County Port Authority's capital asset balances at September 30, 2019 are as follows:

Jackson County Port Authority:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>				
Land and improvements	\$ 5,856,920			5,856,920
Construction in progress	11,853,247	10,648,855	2,481,138	20,020,964
Total non-depreciable capital assets	<u>17,710,167</u>	<u>10,648,855</u>	<u>2,481,138</u>	<u>25,877,884</u>
<u>Depreciable capital assets:</u>				
Infrastructure	50,956,540			50,956,540
Building and improvements	63,104,792	29,932	198,450	62,936,274
Furniture, fixtures and other equipment	1,766,091	343,051	171,895	1,937,247
Bayou Casotte Water Supply System	53,716,948	2,586,226	140,710	56,162,464
Black Creek Cooling Facility	4,043,511	13,440	51,345	4,005,606
Industrial Parks	834,922	173,809		1,008,731
Singing River Island	184,884	54,455		239,339
Total depreciable capital assets	<u>174,607,688</u>	<u>3,200,913</u>	<u>562,400</u>	<u>177,246,201</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	34,360,745	4,290,578		38,651,323
Building and improvements	71,684,174	3,983,071	312,325	75,354,920
Furniture, fixtures and other equipment	3,501,106	191,751	248,125	3,444,732
Total accumulated depreciation	<u>\$ 109,546,025</u>	<u>8,465,400</u>	<u>560,450</u>	<u>117,450,975</u>
Total depreciable capital assets, net	<u>65,061,663</u>	<u>(5,264,487)</u>	<u>1,950</u>	<u>59,795,226</u>
Component unit capital assets, net	<u>\$ 82,771,830</u>	<u>5,384,368</u>	<u>2,483,088</u>	<u>85,673,110</u>

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

The Jackson-George Regional Library System’s capital asset balances at September 30, 2019 are as follows:

Jackson-George Regional Library System:

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<u>Depreciable capital assets:</u>				
Library materials	8,204,572	378,585		8,583,157
Furniture and equipment	439,203	3,751	12,227	430,727
Computer equipment	303,582	13,923	9,537	307,968
	<u>8,947,357</u>	<u>396,259</u>	<u>21,764</u>	<u>9,321,852</u>
<u>Less accumulated depreciation for:</u>				
Library materials	6,940,964	442,096		7,383,060
Furniture and equipment	395,635	9,537	12,228	392,944
Computer equipment	187,265	45,045	8,029	224,281
	<u>7,523,864</u>	<u>496,678</u>	<u>20,257</u>	<u>8,000,285</u>
Total depreciable capital assets, net	<u>1,423,493</u>	<u>(100,419)</u>	<u>1,507</u>	<u>1,321,567</u>
Component unit capital assets, net	<u>\$ 1,423,493</u>	<u>(100,419)</u>	<u>1,507</u>	<u>1,321,567</u>

(10) Claims and Judgments.

Risk Financing.

Workers’ Compensation Benefits

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Health and Accident Benefits

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 1990 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Jackson County pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for the County, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

The County has purchased coinsurance which functions on specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$200,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of these liabilities was \$634,439. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017 - 2018	\$ 435,592	8,928,196	(9,041,631)	322,157
2018 - 2019	\$ 322,157	7,947,490	(7,635,208)	634,439

(11) Operating Leases.

As Lessor:

On September 20, 1967, Jackson County, the Jackson County Port Authority, the State of Mississippi (through the Mississippi Development Authority) and Ingalls Shipbuilding Corporation, entered into a lease agreement for the lease of a tract of land, located in Jackson County, Mississippi and the facilities located on the premises.

The leased property is used by Ingalls Shipbuilding Corporation to provide ship construction, manufacturing and maintenance services for the general public and for the United States Government. The lease of the leased property to Ingalls Shipbuilding Corporation contributes to the development of the Port of Pascagoula and provides additional gainful employment and promotes the general welfare of the citizens of the Jackson County area and the State of Mississippi and contributes directly to the National Defense.

The lease term is for a total maximum of 99 years, with the initial term being 40 years, with 5 extended terms of 10 years and a sixth extended term of 9 years. In September 2007 Northrop Grumman Ship Systems, Inc. (a successor of Ingalls Shipbuilding Corporation) exercised their right to renew said lease for the first 10 year extended term. On March 24, 2016, Huntington Ingalls Incorporated (a successor of Northrop Grumman Ship Systems, Inc.), provided notice of its intent to renew said lease for the second extended term of an additional 10 years, commencing on September 28, 2017 and ending September 27, 2027. As of March 2008, the operating lease stipulates that the lessee pay \$780,000 in annual lease payments to Jackson County.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$780,000 for the year ended September 30, 2019. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2020	\$ 780,000
2021	780,000
2022	780,000
2023	780,000
2024	780,000
2025 - 2029	<u>2,340,000</u>
Total Minimum Payments Required	<u>\$ 6,240,000</u>

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(12) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Taxable Port, Series 2015	\$ 147,600	1.99%	12/2021
2013 Refunding Bond	1,325,000	0.50-2.80%	06/2020
G.O. Bonds, Series 2017	5,536,000	2.30%	12/2027
Total General Obligation Bonds	\$ 7,008,600		
B. Limited Obligation Bonds:			
Correctional Facility Series 2013	\$ 21,710,000	3.50%	07/2032
C. Other Loans:			
Rail Loan, Series 2011	\$ 427,774	0.00%	03/2026
Rail Loan, Series 2019	1,712,743	0.75%	06/2034
G.O. Notes, Series 2016	1,061,864	1.58%	11/2021
Total Other Loans	\$ 3,202,381		

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

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 2,017,600	167,365	1,325,000	773,613
2021	561,000	114,793	1,390,000	707,363
2022	578,000	101,890	1,460,000	637,863
2023	596,000	88,596	1,520,000	579,463
2024	613,000	74,888	1,565,000	533,863
2025 - 2029	2,643,000	154,192	8,580,000	1,904,350
2030 - 2034			5,870,000	415,625
Total	\$ 7,008,600	701,724	21,710,000	5,552,140

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Notes to Financial Statements
For the Year Ended September 30, 2019

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2020	704,288	33,342
2021	713,516	24,250
2022	179,263	15,019
2023	180,110	9,945
2024	180,964	9,091
2025 - 2029	678,957	32,424
2030 - 2034	<u>565,283</u>	<u>10,134</u>
Total	<u>3,202,381</u>	<u>134,205</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 0.37% of the latest property assessments.

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

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2018</u>			<u>Sept. 30, 2019</u>	<u>within one</u>
					<u>year</u>
Governmental Activities:					
Compensated absences	\$ 2,533,406	84,136		2,617,542	
General obligation bonds	8,832,600		1,824,000	7,008,600	2,017,600
Limited obligation bonds	22,970,000		1,260,000	21,710,000	1,325,000
Other loans	<u>2,074,881</u>	<u>1,750,000</u>	<u>622,500</u>	<u>3,202,381</u>	<u>704,288</u>
Total	<u>\$ 36,410,887</u>	<u>1,834,136</u>	<u>3,706,500</u>	<u>34,538,523</u>	<u>4,046,888</u>

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount due</u>
	<u>Oct. 1, 2018</u>			<u>Sept. 30, 2019</u>	<u>within one</u>
					<u>year</u>
Business-type Activities:					
Compensated absences	<u>\$ 40,897</u>	<u>8,176</u>		<u>49,073</u>	

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

Contribution Agreement (Other Payables). On January 2, 2016, the County entered into a contribution agreement

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

with Singing River Health Systems (SRHS), a county owned hospital established pursuant to the laws of the State of Mississippi. SRHS established an Employee Defined Benefit Plan in 1983 and ceased making contributions to said Pension Plan in 2009. Annual audits of SRHS show losses for the years 2012 through 2014. Due to the alleged failure to fund the Pension Plan, SRHS is subject to a multiplicity of lawsuits and there exists a real danger of default in the payment of bonds issued of which Jackson County guaranteed for the benefit of SRHS. Jackson County has offered to contribute \$13,600,000 over a period of 10 years for support of indigent care at SRHS and, principally, to prevent bond default. As of September 30, 2019, the County has recorded a payable of \$6,000,000 discounted at the net present value over five years at SRHS's incremental borrowing rate. The balance at September 30, 2019 for this payable was \$5,104,937.

Component Units:

Singing River Mental Health/Mental Retardation Services:

The following is a summary of changes in long-term liabilities and obligations for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount due within one year
Note payables	\$	215,884	14,465	201,419	30,539

Singing River Health System:

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Bonds payable	\$ 73,911,066	64,466,000	79,303,066	59,074,000	7,882,000
Capital leases	28,467,434		766,299	27,701,135	834,404
Other loans	1,775,499	716,112	1,686,373	805,238	522,111
Total	\$ 104,153,999	65,182,112	81,755,738	87,580,373	9,238,515

West Jackson County Utility District:

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Long-term debt	\$ 37,670,291	4,120,798	1,581,011	40,210,078	2,103,699

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Jackson County Emergency Communications District:

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 31,728	2,102		33,830	16,915
Capital lease obligations	117,711		117,711		
Total	\$ 149,439	2,102	117,711	33,830	16,915

Jackson County Port Authority:

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 233,705	15,913	2,733	246,885	94,450
Bonds payable	36,840,000			36,840,000	
Less: unamortized discount	(81,193)		(13,532)	(67,661)	
Total	\$ 36,992,512	15,913	(10,799)	37,019,224	94,450

Jackson-George Regional Library System:

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Balance Sept. 30, 2019	Amount due within one year
Compensated absences	\$ 155,389	20,582	175,971	87,986

(13) Other Postemployment Benefits (OPEB).

General Information about the OPEB Plan.

Plan description. The Jackson County Board of Supervisors administers the County’s health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County’s health insurance plan may be amended by the Jackson County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County’s health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

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

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2019, retiree premiums range from \$799 to \$1,049 depending on dependent coverage and Medicare eligibility.

Employees covered by benefit terms. At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	655
Total	<u>655</u>

Total OPEB liability. The County's total OPEB liability of \$3,694,200 was measured as of September 30, 2019, and was determined by an actuarial valuation of October 1, 2018. The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2018 for the years ending September 30, 2018 and 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00% per annum
Discount rate	3.40%
Healthcare cost trend rates	7.75% in 2018, grading down to 6.75% uniformly over 5 years, and trending to the ultimate rate of 3.9% in 2075 following the Getzen model.
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

The actuarial assumptions used in the October 1, 2018 valuation have been prepared using employee data and plan documentation furnished by the County as of October 1, 2018.

The discount rate is 3.40% and was based on the S&P Municipal Bond 20-Year High Grade Index as of September 28, 2018.

Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2018.

Medical claims costs below age 65 are adjusted down based on the male/female and pre-Medicare factors as listed in the Yamamoto Aging Tables.

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Notes to Financial Statements
For the Year Ended September 30, 2019

Changes in the Total OPEB Liability.

	<u>Total OPEB Liability</u>
Balance at September 30, 2018	\$ 3,219,717
Changes for the year:	
Service cost	378,342
Interest	121,473
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	
Benefit payments	<u>(25,332)</u>
Net changes	474,483
Balance at September 30, 2019	\$ <u><u>3,694,200</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(2.40%)</u>	Current Discount Rate <u>(3.40%)</u>	1% Increase <u>(4.40%)</u>
Total OPEB Liability	\$ 4,071,226	3,694,200	3,351,870

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability	\$ 3,171,774	3,694,200	4,332,180

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended September 30, 2019, the County recognized OPEB expense of \$486,124. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 836,347	
Changes of assumptions or other inputs		<u>749,511</u>
Total	<u><u>\$ 836,347</u></u>	<u><u>749,511</u></u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30		Amount
2020	\$	11,641
2021		11,641
2022		11,641
2023		11,641
2024		11,641
Thereafter		28,631
Total	\$	86,836

Component Unit – Jackson-George Regional Library System

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees’ Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees’ Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The Plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided. The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees’ premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions. The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees’ premiums are funded primarily by their employer. Contributions to the OPEB plan from the Library System were \$18,869 for the year ended September 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

At September 30, 2019, the Library System reported a liability of \$470,737 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the Library System's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the Library System's proportion was 0.0555 percent. This was a decrease of 0.0005 percent from the proportionate share as of the measurement date as of June 30, 2018.

For the year ended September 30, 2019, the Library System recognized OPEB expense of \$28,901. At September 30, 2019, the Library System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 712	6,738
Changes of assumptions	35,095	24,410
Net difference between projected and actual earnings on OPEB plan investments	9	
Changes in proportion and differences between the Library System's contributions and proportionate share of contributions	14,426	3,478
Total	\$ 50,242	34,626

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30	Amount
2020	\$ (348)
2021	(348)
2022	(348)
2023	819
2024	4,497
Therafter	11,344
Total	\$ 15,616

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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Inflation	2.75%
Salary increases	3.00-18.20%, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	3.50%
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, Net OPEB Plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Healthcare cost trends	
Medicare Supplement Claims Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.75% by 2028

Mortality rates were based on PubS H-2010(b) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

As of June 30, 2019, 100 percent of the net assets of the plan were invested in the State of Mississippi's internal investment pool.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50%. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018, with an initial contribution of \$1,000,000. The fiduciary net position was projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2018 and the June 30, 2019. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by Bond Buyer. As of June 30, 2019, the trust has \$1,017,904.

Sensitivity of the Library System's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Library System's proportionate share of the net OPEB liability, as well as what the Library System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

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Notes to Financial Statements
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	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 522,906	470,737	426,101

Sensitivity of the Library System’s proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the Library System’s proportionate share of the net OPEB liability, as well as what the Library System’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB Liability	\$ 436,210	470,737	509,849

OPEB plan fiduciary net position. The fiduciary net position for the OPEB plan was \$1,018,000 as of June 30, 2019, the measurement date. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued OPEB financial report.

(14) Defined Benefit Pension Plan.

General Information about the 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. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees’ Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

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Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer’s rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County’s contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$5,444,252, \$5,083,533 and \$4,969,910, respectively, equal to the required contributions for each year. The Singing River Mental Health/Mental Retardation Services’ contributions to PERS for the fiscal years ending June 30, 2019, 2018 and 2017 were \$1,032,523, \$1,003,902 and \$1,009,277, respectively, equal to the required contributions for each year. The West Jackson County Utility District’s contributions to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$205,438, \$195,483 and \$194,477, respectively, equal to the required contributions for each year. The Jackson County Emergency Communications District’s contributions to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$24,785, \$22,948 and \$21,563, respectively, equal to the required contributions for each year. The Jackson County Port Authority’s contributions to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$492,684, \$462,097 and \$463,312, respectively, equal to the required contributions for each year. The Jackson-George Regional Library System’s contributions to PERS for the fiscal years ending September 30, 2019, 2018 and 2017 were \$344,018, \$337,846 and \$326,930, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the County reported a liability of \$89,645,880 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County’s proportionate share used to calculate the September 30, 2019 net pension liability was 0.509584 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.007972 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$10,173,263. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,201	92,761
Net difference between projected and actual earnings on pension plan investments		963,378
Changes of assumptions	878,377	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	2,242,899	
County contributions subsequent to the measurement date	<u>1,563,838</u>	
Total	<u>\$ 4,737,315</u>	<u>1,056,139</u>

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For the Year Ended September 30, 2019

\$1,563,838 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ 1,608,439
2021	(428,048)
2022	527,667
2023	409,280
Total	<u>\$ 2,117,338</u>

Component Unit – Singing River Mental Health/Mental Retardation Services

At June 30, 2019, the Singing River Mental Health/Mental Retardation Services (“the Agency”) reported a liability of \$11,345,415 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency’s proportion of the net pension liability was based on a projection of the Agency’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Agency’s proportionate share used to calculate the June 30, 2019 net pension liability was 0.064492 percent.

For the year ended June 30, 2019, the Agency recognized pension expense of \$663,959. At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,712	12,212
Net difference between projected and actual earnings on pension plan investments		124,125
Changes of assumptions	111,231	
Changes in the proportion and differences between the Agency’s contributions and proportionate share of contributions		
Agency contributions subsequent to the measurement date		
Total	<u>\$ 117,943</u>	<u>136,337</u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30		Amount
2020	\$	56,761
2021		(160,667)
2022		33,716
2023		51,796
Total	\$	(18,394)

Component Unit – West Jackson County Utility District

At September 30, 2019, the West Jackson County Utility District (“the Utility District”) reported a liability of \$3,422,981 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utility District’s proportion of the net pension liability was based on a projection of the Utility District’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Utility District’s proportionate share used to calculate the September 30, 2019 net pension liability was 0.019458 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.000133 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the Utility District recognized pension expense of \$454,111. At September 30, 2019, the Utility District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,024	3,685
Net difference between projected and actual earnings on pension plan investments		37,450
Changes of assumptions	33,560	
Changes in the proportion and differences between the District’s contributions and proportionate share of contributions	126,545	2,433
District contributions subsequent to the measurement date	58,493	
Total	\$ 220,622	43,568

\$58,493 reported as deferred outflows of resources related to pensions resulting from the Utility District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending September 30	Amount
2020	\$ 90,950
2021	(9,493)
2022	20,403
2023	16,701
Total	\$ 118,561

Component Unit – Jackson County Emergency Communications District

At September 30, 2019, the Jackson County Emergency Communications District (“the Communications District”) reported a liability of \$422,207 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Communications District’s proportion of the net pension liability was based on a projection of the Communications District’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Communications District’s proportionate share used to calculate the September 30, 2019 net pension liability was 0.002377 percent, which was based on a measurement date of June 30, 2019. At June 30, 2019 the District’s proportion was 0.0024%, which was an increase of 0.0002% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Communications District recognized pension expense of \$62,748. At September 30, 2019, the Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 249	454
Net difference between projected and actual earnings on pension plan investments		4,619
Changes of assumptions	4,139	
Changes in the proportion and differences between the District's contributions and proportionate share of contributions	34,729	
District contributions subsequent to the measurement date	7,448	
Total	\$ 46,565	5,073

\$7,448 reported as deferred outflows of resources related to pensions resulting from Communications District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending September 30	Amount
2020	\$ 17,310
2021	6,695
2022	8,111
2023	1,928
Total	\$ 34,044

Component Unit – Jackson County Port Authority

At September 30, 2019, the Jackson County Port Authority (“the Port Authority”) reported a liability of \$8,795,987 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority’s proportion of the net pension liability was based on a projection of the Port Authority’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2019 the Port Authority’s proportionate was 0.05 percent, which was unchanged from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Port Authority recognized pension expense of \$1,034,715. At September 30, 2019, the Port Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,203	9,468
Net difference between projected and actual earnings on pension plan investments		96,231
Changes of assumptions	86,237	
Changes in the proportion and differences between the Port Authority’s contributions and proportionate share of contributions	13,101	275
Port Authority contributions subsequent to the measurement date	118,564	
Total	\$ 223,105	105,974

\$118,564 reported as deferred outflows of resources related to pensions resulting from Port Authority contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ 40,876
2021	(115,498)
2022	33,030
2023	40,159
Total	\$ (1,433)

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Notes to Financial Statements
For the Year Ended September 30, 2019

Component Unit – Jackson-George Regional Library

At September 30, 2019, the Jackson-George Regional Library System (“the Library System”) reported a liability of \$5,805,351 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library System’s proportion of the net pension liability was based on a projection of the Library System’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Library System’s proportionate was 0.033 percent, which remained unchanged from its proportion measured at June 30, 2018.

For the year ended September 30, 2019, the Library System recognized pension expense of \$577,779. At September 30, 2019, the Library System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,434	6,249
Net difference between projected and actual earnings on pension plan investments		63,513
Changes of assumptions	56,916	
Changes in the proportion and differences between the Library System’s contributions and proportionate share of contributions	80,233	
Library System contributions subsequent to the measurement date	91,916	
Total	\$ 232,499	69,762

\$91,916 reported as deferred outflows of resources related to pensions resulting from Library System contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2020	\$ 71,481
2021	(44,416)
2022	17,252
2023	26,504
Total	\$ 70,821

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 117,842,615	89,645,880	66,372,006
Component Units:			
Singing River Mental Health/Mental Retardation Services' proportionate share of the net pension liability	14,913,941	11,345,415	8,399,917
West Jackson County Utility District's proportionate share of the net pension liability	4,499,627	3,422,981	2,534,306
Jackson County Emergency Communications District's proportionate share of the net pension liability	555,006	422,207	312,594
Jackson County Port Authority's proportionate share of the net pension liability	11,562,629	8,795,987	6,512,372
Jackson-George Regional Library System's proportionate share of the net pension liability	7,631,335	5,805,351	4,298,165

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

(15) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2019:

Fund	Deficit Amount
Special Grants Fund	\$ 50,161
MET Operating Account Fund	47,185
Hurricane Nate Fund	70,761
Tideland Fund	218,727
St. Andrews Fund	73
Capital Improvement Fund	288,606
CIAP Fund	335,641

(16) Contingencies.

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

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

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.

The County has been named as a defendant in various lawsuits seeking unspecified damages for incidents involving the Sheriff’s Department and the County Road Department. The County has excess liability insurance coverage that it believes would cover any judgement against the County up to a limit of \$1,000,000. No provisions have been made in the accompanying financial statements for these contingent liabilities since the amount of the potential loss, if any, cannot be reasonably determined.

Hospital Revenue Bond Contingencies– The County issues revenue bonds and notes with maturities ranging from July 1, 2035 through July 1, 2038, to provide funds for constructing and improving capital facilities for 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 the case of default by the hospital. In addition, the bonds are supported by a five mill pledge on the assessed value of real property by Jackson County. The principal amount of hospital revenue bonds and notes outstanding at September 30, 2019, is \$59,074,000.

No Commitment Debt – From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These bonds either bear the County’s name or constitute a moral responsibility of the County that is not an enforceable promise to pay. However, because the debt includes an explicit statement as to the absence of obligation of the County, other than possibly an agreement to assist creditors in exercising their rights in the event of default, these bonds are classified as no commitment debt and are not reported as liabilities in the accompanying financial statements. Default on these bonds may adversely affect the County’s ability to borrow; accordingly, outstanding issuances of such debt are disclosed as follows:

<u>Description</u>	<u>Amount Outstanding</u>
Industrial revenue bonds and notes	\$ 36,840,000

(17) Effect of Deferred Amounts on Net Position.

The governmental activities’ unrestricted net position amount of \$(35,903,275) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$1,541,981 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$3,129,665 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$1,041,378 balance of the deferred inflows of resources related to pension at September 30, 2019, will be recognized in pension expense over the next four years.

The governmental activities’ unrestricted net position amount of \$(35,903,275) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from other postemployment benefits (OPEB). The \$836,347 balance of deferred outflows of resources related to OPEB, at September 30, 2019, will be recognized as an expense and will decrease the unrestricted net position over the next nine years.

The governmental activities’ unrestricted net position amount of \$(35,903,275) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from other postemployment benefits (OPEB). The \$749,511 balance of deferred inflows of resources related to OPEB, at September 30, 2019, will be recognized as revenue and will increase the unrestricted net position over the next nine years.

The business-type activities’ unrestricted net position amount of \$(993,933) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$21,857 resulting from County contributions subsequent to the measurement date will be recognized

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

as a reduction of the net pension liability in the year ended September 30, 2020. The \$43,812 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$14,761 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

(18) Segment Information for Enterprise Funds.

The County maintains three enterprise funds, which provide recreation and community services, rental services and food services. Summary financial information for each enterprise fund is presented for the year ended September 30, 2019.

Condensed Statement of Net Position:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Current assets	\$ 194,314	136,316	122,282	452,912
Capital assets	4,204	6,009,788	1,562,127	7,576,119
Deferred outflows of resources		11,539	54,130	65,669
Total Assets and Deferred Outflows of Resources	<u>198,518</u>	<u>6,157,643</u>	<u>1,738,539</u>	<u>8,094,700</u>
Current liabilities	17,807	4,828	31,167	53,802
Noncurrent liabilities		218,227	1,031,410	1,249,637
Deferred inflows of resources		2,594	12,167	14,761
Total Liabilities and Deferred Inflows of Resources	<u>17,807</u>	<u>225,649</u>	<u>1,074,744</u>	<u>1,318,200</u>
Net position:				
Net Investment in capital assets	4,204	6,009,788	1,562,127	7,576,119
Restricted	194,314			194,314
Unrestricted	(17,807)	(77,794)	(898,332)	(993,933)
Total Net Position	<u>\$ 180,711</u>	<u>5,931,994</u>	<u>663,795</u>	<u>6,776,500</u>

JACKSON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

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

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Operating revenues	\$ 61,221	269,232	681,340	1,011,793
Operating expenses	(84,582)	(231,522)	(1,012,589)	(1,328,693)
Depreciation expense		(308,282)	(101,244)	(409,526)
Operating Income (Loss)	(23,361)	(270,572)	(432,493)	(726,426)
Nonoperating revenues	\$			
Gain (loss) on sale of capital assets			(3,094)	(3,094)
Interest income	6,045	3,670	8,015	17,730
Transfers in			450,000	450,000
Change in Net Position	(17,316)	(266,902)	22,428	(261,790)
Net Position - Beginning	\$ 198,027	6,198,896	642,160	7,039,083
Prior Period Adjustment			(793)	(793)
Net Position - Beginning, as restated	198,027	6,198,896	641,367	7,038,290
Net Position - Ending	\$ 180,711	5,931,994	663,795	6,776,500

Condensed Statement of Cash Flows:

	ADC Canteen Fund	Ocean Springs Harbor Fund	Golf Course Fund	Total
Net cash provided (used) by:				
Operating activities	\$ (7,254)	56,081	(267,099)	(218,272)
Noncapital financing activities			450,000	450,000
Capital and related financing activities			(93,974)	(93,974)
Investing activities	6,045	3,670	8,015	17,730
Net increase (decrease) in cash	(1,209)	59,751	96,942	155,484
Cash - Beginning of Year	195,523	76,565	25,340	297,428
Cash - End of Year	\$ 194,314	136,316	122,282	452,912

(19) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 27-member board of directors, one appointed by the Board of Supervisors of each member county, one from each of the six participating cities and six appointed at large by minority members. The County appropriated \$34,917 for support of Southern Mississippi Planning and Development District in fiscal year 2019.

JACKSON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Jackson County Civic Action is jointly governed by various public entities, as well as by certain corporations and civic groups. The Jackson County Board of Supervisors appoints two of the 15 members of the board of directors. The County appropriated \$188,000 for support of the Jackson County Civic Action in fiscal year 2019.

Jackson County Economic Development Foundation is jointly governed by various public entities, as well as by certain corporations. The Jackson County Board of Supervisors appoints two of the 16 members of the board of directors. The County appropriated \$490,000 for support of the Jackson County Economic Development Foundation in fiscal year 2019.

Gulf Regional Planning and Development District operates in a district composed of the counties of Hancock, Harrison and Jackson. The governing body is a nine-member board of directors; three appointed by the Board of Supervisors of each member county. The County appropriated \$30,835 for support of Gulf Regional Planning and Development District in fiscal year 2019.

Harrison-Jackson County Emergency Medical Service District operates in a district composed of the counties of Harrison and Jackson and the cities of Biloxi, Gulfport and Ocean Springs. The District's Board is composed of five member, one appointed by each government. The County provided no financial support to Harrison-Jackson County Emergency Medical Service District in fiscal year 2019.

LaPointe-Krebs Foundation is jointly governed by Jackson County, the City of Pascagoula and Jackson County Historical and Genealogical Society. The Jackson County Board of Supervisors appoints two of the 5 members of the board of directors. The County appropriated \$50,000 for financial support to the LaPointe-Krebs Foundation in fiscal year 2019.

Mississippi Gulf Coast Community College operates in a district composed of the counties of George, Harrison, Jackson and Stone. The College's board of trustees is composed of 23 members; three each appointed by George and Stone counties, eight each appointed by Harrison and Jackson counties, and one appointed at large. The County appropriated \$8,627,294 for maintenance and support of the college in the fiscal year 2019.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners; one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

(20) Tax Abatements.

As of September 30, 2019, Jackson County provides tax exempt status to eight property holdings companies, two industrial engineering companies, two pharmaceutical companies, one oil refinery, one maritime transportation provider, one shipbuilder, one natural gas company, one optical lab, one flooring contractor, and one industrial laundry service provider subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, community college, mandatory mill and other non-exempt tax levy millage for general county and road maintenance. The exemptions are authorized under Section 27-31-101, 27-31-104, 27-31-105 and 17-21-7 of the Miss. Code Ann. (1972). The exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2019 totaled \$19,644,435.

JACKSON COUNTY

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JACKSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY

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JACKSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 51,128,362	51,128,362	53,164,024	2,035,662
Licenses, commissions and other revenue	2,204,620	2,204,620	2,634,487	429,867
Fines and forfeitures	1,345,514	1,528,724	1,557,754	29,030
Intergovernmental revenues	10,674,866	11,340,637	11,685,140	344,503
Charges for services	735,000	804,263	810,364	6,101
Interest income	1,260,000	1,280,048	2,463,164	1,183,116
Miscellaneous revenues	880,657	906,292	1,408,437	502,145
Total Revenues	<u>68,229,019</u>	<u>69,192,946</u>	<u>73,723,370</u>	<u>4,530,424</u>
EXPENDITURES				
Current:				
General government	34,916,002	35,154,326	31,173,628	3,980,698
Public safety	22,002,494	22,862,906	19,881,245	2,981,661
Public works	2,914,217	3,452,258	2,037,479	1,414,779
Health and welfare	4,099,202	2,825,392	2,660,952	164,440
Culture and recreation	6,633,858	7,408,481	6,853,477	555,004
Education	350,000	350,000	645,981	(295,981)
Conservation of natural resources	314,937	314,937	237,923	77,014
Economic development and assistance	1,997,539	2,432,055	2,412,696	19,359
Debt service:				
Principal			1,260,000	(1,260,000)
Interest			842,891	(842,891)
Total Expenditures	<u>73,228,249</u>	<u>74,800,355</u>	<u>68,006,272</u>	<u>6,794,083</u>
Excess of Revenues over (under) Expenditures	<u>(4,999,230)</u>	<u>(5,607,409)</u>	<u>5,717,098</u>	<u>11,324,507</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			847,712	847,712
Transfers in		38,410	38,410	
Transfers out	(1,000,000)	(1,000,000)	(7,613,706)	(6,613,706)
Other financing sources			16,737	16,737
Total Other Financing Sources and Uses	<u>(1,000,000)</u>	<u>(961,590)</u>	<u>(6,710,847)</u>	<u>(5,749,257)</u>
Net Change in Fund Balance	(5,999,230)	(6,568,999)	(993,749)	5,575,250
Fund Balances - Beginning	<u>48,316,914</u>	<u>48,316,914</u>	<u>54,046,662</u>	<u>5,729,748</u>
Fund Balances - Ending	<u>\$ 42,317,684</u>	<u>41,747,915</u>	<u>53,052,913</u>	<u>11,304,998</u>

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

JACKSON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 17,049,899	17,049,899	17,540,916	491,017
Road and bridge privilege taxes	1,750,000	1,750,000	2,032,668	282,668
Intergovernmental revenues	1,035,000	1,035,000	1,250,693	215,693
Interest income	200,000	200,000	461,674	261,674
Miscellaneous revenues	85,000	94,022	214,680	120,658
Total Revenues	<u>20,119,899</u>	<u>20,128,921</u>	<u>21,500,631</u>	<u>1,371,710</u>
EXPENDITURES				
Current:				
Public works	23,090,366	33,631,629	23,605,844	10,025,785
Total Expenditures	<u>23,090,366</u>	<u>33,631,629</u>	<u>23,605,844</u>	<u>10,025,785</u>
Excess of Revenues over (under) Expenditures	<u>(2,970,467)</u>	<u>(13,502,708)</u>	<u>(2,105,213)</u>	<u>11,397,495</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			19,342	19,342
Transfers in	1,000,000	1,085,511	1,160,005	74,494
Total Other Financing Sources and Uses	<u>1,000,000</u>	<u>1,085,511</u>	<u>1,179,347</u>	<u>93,836</u>
Net Change in Fund Balance	(1,970,467)	(12,417,197)	(925,866)	11,491,331
Fund Balances - Beginning	<u>11,109,008</u>	<u>11,109,008</u>	<u>13,754,756</u>	<u>2,645,748</u>
Fund Balances - Ending	<u>\$ 9,138,541</u>	<u>(1,308,189)</u>	<u>12,828,890</u>	<u>14,137,079</u>

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

JACKSON COUNTY
 Schedule of the County's Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2019
 UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.509584%	0.501612%	0.489852%	0.473641%	0.471858%	0.473705%
County's proportionate share of the net pension liability (asset)	\$ 89,645,880	83,432,978	81,430,028	84,604,109	72,939,942	57,499,113
Covered payroll	\$ 33,228,661	32,032,743	31,424,337	30,299,987	29,478,997	28,932,660
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	269.78%	260.46%	259.13%	279.22%	247.43%	198.73%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY
Schedule of County Contributions - Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,444,252	5,083,533	4,969,910	4,987,616	4,672,783	4,374,610
Contributions in relation to the contractually required contribution	<u>5,444,252</u>	<u>5,083,533</u>	<u>4,969,910</u>	<u>4,987,616</u>	<u>4,672,783</u>	<u>4,374,610</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 33,627,252	32,276,394	31,554,984	31,667,403	29,668,463	27,775,302
Contributions as a percentage of covered payroll	16.19% **	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

** The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%.

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

JACKSON COUNTY

Schedule of the Singing River Mental Health/Mental Retardation Services' Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended June 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Agency's proportion of the net pension liability (asset)	0.06449%	0.06370%	0.06374%	0.05918%	0.05775%	0.06584%
Agency's proportionate share of the net pension liability (asset)	\$ 11,345,415	10,595,203	10,595,918	10,570,668	8,927,011	7,991,528
Covered payroll	\$ 3,798,259	4,074,235	4,094,756	3,798,451	3,607,867	4,023,060
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.70%	260.05%	258.77%	278.29%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY
Schedule of the Singing River Mental Health/Mental Retardation Services' Contributions
Last 10 Fiscal Years*
For the Year Ended June 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 659,331	641,692	644,924	598,256	568,239	633,632
Contributions in relation to the contractually required contribution	<u>659,331</u>	<u>641,692</u>	<u>644,924</u>	<u>598,256</u>	<u>568,239</u>	<u>633,632</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 3,789,259	4,074,235	4,094,756	3,798,451	3,607,867	4,023,060
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the Agency has only presented information for the years in which information is available.

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

JACKSON COUNTY

Schedule of the West Jackson County Utility District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Utility District's proportion of the net pension liability (asset)	0.019458%	0.019325%	0.018702%	0.017428%	0.017788%
Utility District's proportionate share of the net pension liability (asset)	\$ 3,422,981	3,214,322	3,108,847	3,113,046	2,749,674
Covered payroll	\$ 1,267,225	1,159,351	1,199,721	1,049,607	1,050,351
Utility District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.12%	277.25%	275.30%	296.59%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY
Schedule of the West Jackson County Utility District's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 205,438	195,483	194,477	181,573	176,083
Contributions in relation to the contractually required contribution	<u>205,438</u>	<u>195,483</u>	<u>194,477</u>	<u>181,573</u>	<u>176,083</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 1,304,368	1,241,162	1,234,775	1,152,844	1,117,987
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the District has only presented information for the years in which information is available.

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

JACKSON COUNTY

Schedule of the Jackson County Emergency Communications District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Communications District's proportion of the net pension liability (asset)	0.0024%	0.0022%	0.0021%	0.002%	0.0019%
Communications District's proportionate share of the net pension liability (asset)	\$ 422,207	365,925	349,091	357,250	293,703
Covered payroll	\$ 149,937	143,228	133,507	131,013	122,469
Communications District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	281.59%	255.48%	261.48%	272.68%	239.82%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY

Schedule of the Jackson County Emergency Communications District's Contributions

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 24,785	22,948	21,563	20,741	19,557
Contributions in relation to the contractually required contribution	<u>24,785</u>	<u>22,948</u>	<u>21,563</u>	<u>20,741</u>	<u>19,557</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 152,880	145,700	136,907	131,687	124,172
Contributions as a percentage of covered payroll	16.21%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the District has only presented information for the years in which information is available.

The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

JACKSON COUNTY

Schedule of the Jackson County Port Authority's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Port Authority's proportion of the net pension liability (asset)	0.05%	0.05%	0.05%	0.05%	0.040%	0.040%
Port Authority's proportionate share of the net pension liability (asset)	\$ 8,795,987	8,316,486	8,311,697	8,931,249	6,183,211	4,855,268
Covered payroll	\$ 3,039,943	2,934,751	3,044,989	2,934,854	2,705,372	2,601,067
Port Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	289.35%	283.38%	272.96%	304.32%	228.55%	186.66%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY
Schedule of Jackson County Port Authority's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 492,684	462,097	463,312	460,853	436,597	409,981
Contributions in relation to the contractually required contribution	<u>492,684</u>	<u>462,097</u>	<u>463,312</u>	<u>460,853</u>	<u>436,597</u>	<u>409,981</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 3,056,771	2,933,947	2,941,658	2,926,051	2,772,041	2,772,041
Contributions as a percentage of covered payroll	16.12%	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the Port Authority has only presented information for the years in which information is available.

The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

JACKSON COUNTY

Schedule of the Jackson-George Regional Library System's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library System's proportion of the net pension liability (asset)	0.033%	0.033%	0.032%	0.032%	0.033%
Library System's proportionate share of the net pension liability (asset)	\$ 5,805,351	5,488,880	5,319,486	5,715,999	5,101,149
Covered payroll	\$ 2,136,660	2,112,499	2,073,154	2,052,064	2,052,828
Library System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	271.70%	259.83%	256.59%	278.55%	248.49%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY

Schedule of the Jackson-George Regional Library System's Contributions

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 344,018	337,846	326,930	323,364	323,513
Contributions in relation to the contractually required contribution	<u>344,018</u>	<u>337,846</u>	<u>326,930</u>	<u>323,364</u>	<u>323,513</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,128,916	2,144,467	2,075,751	2,053,104	2,054,046
Contributions as a percentage of covered payroll	16.16%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the Library system has only presented information for the years in which information is available.

The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

JACKSON COUNTY
 Schedule of Changes in the County's Total OPEB Liability and Related Ratios
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2019
 UNAUDITED

	2019	2018
Total OPEB Liability		
Service cost	\$ 378,342	272,457
Interest	121,473	102,250
Changes of benefit terms		
Differences between expected and actual experience		(950,451)
Changes of assumptions or other inputs		1,060,569
Benefit payments	(25,332)	(34,885)
Net change in total OPEB liability	474,483	449,940
Total OPEB liability - beginning	3,219,717	2,769,777
Total OPEB liability - ending	\$ 3,694,200	3,219,717
 Covered-employee payroll	 \$ 28,278,060	 27,723,588
 Total OPEB liability as a percentage of covered-employee payroll	 13.1%	 11.6%
 Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount ratios used in each period:		
	2019	3.40%
	2018	3.40%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

JACKSON COUNTY

Schedule of the Jackson-George Regional Library System's Proportionate Share of the Net OPEB Liability
 Last 10 Fiscal Years*
 For the Year Ended September 30, 2019
 UNAUDITED

	<u>2019</u>	<u>2018</u>
Library System's proportion of the net OPEB liability (asset)	0.0555%	0.0560%
Library System's proportionate share of the net OPEB liability (asset)	\$ 470,737	432,991
Library System's Covered employee payroll	\$ 2,136,660	2,112,499
Library System's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	22.03%	20.50%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until a full 10 year is compiled, the Library System has only presented information for the years in which information is available.

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

JACKSON COUNTY

Schedule of the Jackson-George Regional Library System's Contributions - OPEB

Last 10 Fiscal Years*

For the Year Ended September 30, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 18,869	19,284
Contributions in relation to actuarially determined contributions	<u>18,869</u>	<u>19,284</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>
Covered employee payroll	\$ 2,128,916	2,144,467
Contributions as a percentage of covered payroll	0.89%	0.90%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until, a full 10 year trend is compiled, the Library System has only presented information for the years in which information is available.

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

JACKSON COUNTY

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JACKSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ (993,749)	(925,866)
Increase (Decrease)		
Net adjustments for revenue accruals	(500,060)	1,070,153
Net adjustments for expenditure accruals	<u>(5,152,531)</u>	<u>(686,792)</u>
GAAP Basis	<u>\$ (6,646,340)</u>	<u>(542,505)</u>

JACKSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

JACKSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
UNAUDITED

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions are used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end).

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

Component Unit – Jackson-George Regional Library System

A. Changes of assumptions.

2017

The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018

The discount rate was changed from 3.56% for the prior Measurement Date to 3.56% for the current Measurement Date.

2019

The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

JACKSON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
UNAUDITED

B. Changes in benefit provisions.

2017

None.

2018

None.

2019

None.

C. Method and assumptions used in calculations of Actuarially Determined Contributions.

2017

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from June 30, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3.00 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rate	
Medicare Supplemental Claims Pre-Medicare	7.75 percent
Ultimate health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	5.00 percent
Years of ultimate trend rates	
Medicare Supplemental Claims Pre-Medicare	2022
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56 percent

2018

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from June 30, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rate	
Medicare Supplemental Claims Pre-Medicare	7.75 percent
Ultimate health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	5.00 percent
Years of ultimate trend rates	

JACKSON COUNTY

Notes to the Required Supplementary Information
 For the Year Ended September 30, 2019
 UNAUDITED

Medicare Supplemental Claims Pre-Medicare	2023
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.89 percent

2019

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rate	
Medicare Supplemental Claims Pre-Medicare	7.25 percent
Ultimate health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	4.75 percent
Years of ultimate trend rates	
Medicare Supplemental Claims Pre-Medicare	2028
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56 percent

JACKSON COUNTY

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JACKSON COUNTY

OTHER INFORMATION

JACKSON COUNTY

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JACKSON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Barry Cumbest	Supervisor District 1	State Farm	\$100,000
Melton Harris, Jr.	Supervisor District 2	State Farm	\$100,000
Ken Taylor	Supervisor District 3	Travelers	\$100,000
Joseph Troy Ross	Supervisor District 4	Travelers	\$100,000
Randy Bosarge	Supervisor District 5	Travelers	\$100,000
Brian Fulton	County Administrator	Old Republic Surety	\$100,000
Joshua Eldridge	Chancery Clerk	Travelers	\$100,000
Cynthia Steen	Purchase Clerk	Travelers	\$75,000
Susanne Samples	Assistant Purchase Clerk	Old Republic Surety	\$50,000
Meleana Overstreen	Receiving Clerk	Old Republic Surety	\$75,000
Aimee Carrol	Assistant Receiving Clerk	Travelers	\$50,000
Brenna Carson	Assistant Receiving Clerk	Travelers	\$50,000
Carey Crosby	Assistant Receiving Clerk	Travelers	\$50,000
Darcie Crew	Assistant Receiving Clerk	Travelers	\$50,000
David Cunningham	Assistant Receiving Clerk	Travelers	\$50,000
Katie Dees	Assistant Receiving Clerk	Travelers	\$50,000
Nina Fast	Assistant Receiving Clerk	Travelers	\$50,000
Mary Ferguson	Assistant Receiving Clerk	Travelers	\$50,000
Laura Fortman	Assistant Receiving Clerk	Travelers	\$50,000
Walton Furby	Assistant Receiving Clerk	Travelers	\$50,000
Brandi Gilliland	Assistant Receiving Clerk	Travelers	\$50,000
Linda Green	Assistant Receiving Clerk	Travelers	\$50,000
Jeremy Gregory	Assistant Receiving Clerk	Travelers	\$50,000
Jim Hart	Assistant Receiving Clerk	Travelers	\$50,000
Sandra Holliman	Assistant Receiving Clerk	Travelers	\$50,000
Anne Huffstatler	Assistant Receiving Clerk	Travelers	\$50,000
Eloria Jacob	Assistant Receiving Clerk	Travelers	\$50,000
Darlene Jones	Assistant Receiving Clerk	Travelers	\$50,000
Jessica Kasinec	Assistant Receiving Clerk	Travelers	\$50,000
Belinda Lamey	Assistant Receiving Clerk	Old Republic Surety	\$50,000
Rhonda Mcquire	Assistant Receiving Clerk	Travelers	\$50,000
Desiree McIlrath	Assistant Receiving Clerk	Travelers	\$50,000
Dana Anglea Miller	Assistant Receiving Clerk	Travelers	\$50,000
Brooke Monk	Assistant Receiving Clerk	Travelers	\$50,000
Joseph Nicholson	Assistant Receiving Clerk	Travelers	\$50,000
Charles Chaffin	Assistant Receiving Clerk	Travelers	\$50,000
Donna Page	Assistant Receiving Clerk	Travelers	\$50,000
Dagmar Ruffin	Assistant Receiving Clerk	Travelers	\$50,000
Christina Simon	Assistant Receiving Clerk	Travelers	\$50,000
Kimberly Stewart	Assistant Receiving Clerk	Travelers	\$50,000
Stephanie Tagart	Assistant Receiving Clerk	Travelers	\$50,000
Donna Thomas	Assistant Receiving Clerk	Travelers	\$50,000
Lori Turner	Assistant Receiving Clerk	Old Republic Surety	\$50,000

JACKSON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Sonya Vaughn	Assistant Receiving Clerk	Travelers	\$50,000
Marcus Watson	Assistant Receiving Clerk	Travelers	\$50,000
Melissa Werner	Assistant Receiving Clerk	Travelers	\$50,000
Alecia Wilson	Assistant Receiving Clerk	Travelers	\$50,000
Nancy Anglada	Inventory Control Clerk	Travelers	\$75,000
Diana Dixon	Assistant Inventory Control Clerk	RLI Insurance	\$50,000
Joe O'Neal	Road Manager	Old Republic Surety	\$50,000
Kerry Fountain	Constable	Travelers	\$50,000
Calvin Hutchins	Constable	Travelers	\$50,000
Kenneth Shane Langfitt	Constable	Travelers	\$50,000
Tymothe Thompson	Constable	Travelers	\$50,000
Randy Carney	Circuit Clerk	RLI Insurance	\$100,000
Walter Ezell	Sheriff	Travelers	\$100,000
Daniel Guie	Justice Court Judge	Travelers	\$50,000
Matthew Lachaussee	Justice Court Judge	Travelers	\$50,000
Ennis Millender	Justice Court Judge	Travelers	\$50,000
Jason Thornton	Justice Court Judge	Travelers	\$50,000
Lisa Fairley	Justice Court Clerk	Travelers	\$50,000
Jessica Ferguson	Deputy Justice Court Clerk	Travelers	\$50,000
Laura Hasty	Deputy Justice Court Clerk	Travelers	\$50,000
Debra Henderson	Deputy Justice Court Clerk	Travelers	\$50,000
Pamela Johnson	Deputy Justice Court Clerk	Travelers	\$50,000
Rebecca Lewis	Deputy Justice Court Clerk	Travelers	\$50,000
Marilynn Miller-Evans	Deputy Justice Court Clerk	Travelers	\$50,000
Marsha Moore	Deputy Justice Court Clerk	Travelers	\$50,000
Julia Peterson	Deputy Justice Court Clerk	Travelers	\$50,000
Sherri White	Deputy Justice Court Clerk	Travelers	\$50,000
Cynthia Wilkerson	Deputy Justice Court Clerk	Travelers	\$50,000
Mercedes Williams	Deputy Justice Court Clerk	Travelers	\$50,000
Theresa Wooten	Deputy Justice Court Clerk	Travelers	\$50,000
Lizzie Worthy	Deputy Justice Court Clerk	Travelers	\$50,000
Janice Sharp	Tax Collector	Travelers	\$100,000
Nicholas Elmore	Tax Assessor	Travelers	\$100,000
Mary Ann Fontenot	Deputy Tax Assessor	Travelers	\$50,000
Jenna Pitts-Hamilton	Deputy Tax Assessor	Travelers	\$50,000
Crystal Ables	Deputy Tax Collector	Travelers	\$50,000
Jessica Alexander	Deputy Tax Collector	Travelers	\$50,000
Kacee Bellais	Deputy Tax Collector	Travelers	\$50,000
Shalimar Bliss	Deputy Tax Collector	Travelers	\$50,000
Deborah Broome	Deputy Tax Collector	Travelers	\$50,000
Stephanie Chambers	Deputy Tax Collector	Travelers	\$50,000
Lequetta Cooley	Deputy Tax Collector	Travelers	\$50,000
Carey Crosby	Deputy Tax Collector	Travelers	\$50,000
Sylvia Crawley	Deputy Tax Collector	Travelers	\$50,000
Angela Guy	Deputy Tax Collector	Travelers	\$50,000
Mary Johnson	Deputy Tax Collector	Travelers	\$50,000
Collen Ladnier	Deputy Tax Collector	RLI Insurance	\$50,000
Jill Lamey	Deputy Tax Collector	Travelers	\$50,000

JACKSON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Jill Lamey	Deputy Tax Collector	Travelers	\$50,000
Valerie Mason	Deputy Tax Collector	Travelers	\$50,000
Ora Moulds	Deputy Tax Collector	Travelers	\$50,000
Jamison Palmer	Deputy Tax Collector	Travelers	\$50,000
Mary Ann Rogers	Deputy Tax Collector	Travelers	\$50,000
Nancy Scott	Deputy Tax Collector	Travelers	\$50,000
Janice Sharp	Deputy Tax Collector	Old Republic Surety	\$50,000
Kayla Sutherland	Deputy Tax Collector	Travelers	\$50,000
Stephanie Tagert	Deputy Tax Collector	Travelers	\$50,000
April Thompson	Deputy Tax Collector	Travelers	\$50,000
Jennifer Waltman	Deputy Tax Collector	Travelers	\$50,000
Regina Ward	Deputy Tax Collector	Travelers	\$50,000
Cathy Wells	Deputy Tax Collector	Travelers	\$50,000
Teresa White	Deputy Tax Collector	Travelers	\$50,000
Joshua Eldridge	Comptroller	Old Republic Surety	\$100,000
Samantha Wells	Finance Director	Travelers	\$100,000
Mary Angela Benigno	Assistant Finance Director	Travelers	\$100,000
Vickie L. Broadus	Coroner	Travelers	\$10,000

JACKSON COUNTY

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JACKSON COUNTY

SPECIAL REPORTS

JACKSON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jackson County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 3, 2020.

Our report includes a reference to other auditors. Other auditors audited the financial statements of Singing River Mental Health/Mental Retardation Services, Singing River Health System, West Jackson County Utility District, Jackson County Emergency Communications District, Jackson County Port Authority and Jackson-George Regional Library System, as described in our report on Jackson County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jackson County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Jackson County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated September 3, 2020, included within this document.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 3, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jackson County, Mississippi

We have examined Jackson County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Jackson County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Jackson County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Jackson County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

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

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 3, 2020

JACKSON COUNTY
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2019

Schedule 1

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

JACKSON COUNTY
 Schedule of Emergency Purchases
 For the Year Ended September 30, 2019

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/15/2019	Generator battery	\$ 439	Standard Parts of Pascagoula	To replace a bad battery in the generator that supplies back-up power to the Jackson County Courthouse, including the Sheriff's Department and the County's 911 system.

JACKSON COUNTY
 Schedule of Purchases Made Noncompetively From a Sole Source
 For the Year Ended September 30, 2019

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
4/1/2019	CVSA II computer voice stress analyzer	\$ 7,995	NITV Federal Service (NFS)
4/1/2019	HBI I20 hand held x-ray machine	48,100	Viken Detection
5/1/2019	HP3000 hardware emulator	26,200	Stromasys
5/1/2019	Voting cards	7,260	Election Systems & Software
9/3/2019	(2) LUCAS chest compression devices	33,804	STRYKER
9/3/2019	Advanced life support instructional medical simulation devices	8,400	iSimulate USA
9/3/2019	(3) LIFEPAK 1000 automated defibrillators	7,885	STRYKER

JACKSON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Jackson County, Mississippi

In planning and performing our audit of the financial statements of Jackson County, Mississippi for the year ended September 30, 2019, we considered Jackson County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jackson County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 3, 2020, on the financial statements of Jackson County, Mississippi.

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

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

Board of Supervisors.

1. County employees should be paid in accordance with state law.

Repeat Finding No

Criteria Section 25-3-29, Miss. Code Ann. (1972), requires the salaries of the Tax Assessor, Tax Collector, the Board of Supervisors, the County Auditor and the Sheriff to be paid monthly. However, the statute includes a provision whereby the Board of Supervisors, by resolution duly adopted and entered on its minutes, may provide that such salaries be paid semi-monthly on the first and fifteenth day of each month.

Condition The County uses a bi-weekly payroll period to pay many of its employees. State law does not allow for a bi-weekly payroll period.

Cause The County is not in compliance with state laws.

Effect Failure to pay the salaries of elected officials and other employees in accordance with state law could result in the payment of salaries in amounts other than those allowed by law.

Recommendation The County should comply with state laws and implement either a monthly or, if approved by the Board of Supervisors, a semi-monthly schedule for the payment of elected officials and other employees' salaries.

Views of Responsible Official(s) House Bill No 414 from the 2020 Session amends this law to allow county Board of Supervisors to pay every two weeks. Therefore, the Board of Supervisors intends to pass a resolution to continue to pay every two weeks.

2. Unemployment Compensation Fund's cash balance below required amount.

Repeat Finding No

Criteria Section 71-5-359(f), Miss. Code Ann. (1972), requires that a balance be maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars (\$6,000) of covered wages paid during the next preceding year.

Condition During our testing procedures, we noted that the County's Unemployment Compensation Fund was underfunded in the amount of \$27,025 as of September 30, 2019.

Cause The County did not comply with state laws and maintain the required fund balance for the Unemployment Compensation Fund.

Effect The failure to maintain the required amount in the Unemployment Compensation Fund resulted in the County being in direct violation of state law.

Recommendation The Board of Supervisors should ensure that an amount is maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars (\$6,000) of covered wages paid during the next preceding year, as required by law.

Views of Responsible Official(s) An additional transfer to the Unemployment Compensation Fund will be made to ensure compliance with the law.

3. The Board of Supervisors should approve all tax abatements.

Repeat Finding No

Criteria Section 27-31-101 and 27-31-105, Miss. Code Ann. (1972), states that the County Board of Supervisors, in their discretion, may grant exemptions from ad valorem taxation, except state ad valorem taxation and taxes for school district purposes, on tangible property of new enterprises and additions to or expansions of facilities for any person, firm or corporation who owns or operates a manufacturing or other enterprise of public utility.

Condition During our test work it was noted that a tax abatement agreement entered into by the County was not approved by the Board of Supervisors. It was also noted that multiple tax abatement agreement approvals spread upon the minutes of the County did not reference the correct state statute.

Cause The County did not follow procedures to comply with state law.

Effect Failure to approve tax abatements may result in the loss of public funds.

Recommendation The County should ensure that all tax abatement agreements are approved by the Board of Supervisors, citing the appropriate statute, and spread upon the minutes of the Board of Supervisors.

Views of Responsible Official(s)

The County will follow the auditor's recommendations.

Circuit Clerk.

4. Circuit Clerk deducted unallowable expenses on the annual financial report.

Repeat Finding No

Criteria Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year.

Condition The Circuit Clerk claimed \$5,019.13 in unallowable expenses on the 2019 Annual Financial Report.

Cause The Circuit Clerk did not comply with state laws.

Effect Failure to claim only allowable expenses of the Annual Financial Report resulted in the Circuit Clerk overstating expenses by \$5,019.13.

Recommendation The Circuit Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report and repay the unallowable expenses to the County immediately.

Views of Responsible Official(s)

We will comply with the finding, the clerk's office will implement controls to prevent disallowed expenses in the future

Auditor's Note The Circuit Clerk repaid \$5,019.13 to the County's General Fund on July 15, 2020, as evidenced by receipt warrant number 71539.

Tax Collector.

5. Tax Collector should be bonded as required by state statute.

Repeat Finding No

Criteria Section 27-1-7, Miss. Code Ann. (1972), requires Tax Collectors to execute a bond in a penalty not less than \$100,000, to be payable, conditioned and approved as provided by law. Also, Section 25-1-25(2), Miss. Code Ann. (1972), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Condition Upon resignation of the previous Tax Collector, a Deputy Tax Collector was appointed as interim tax collector by the Board of Supervisors on October 1, 2018. A surety bond in the amount required by law for this position was not issued until January 9, 2019 and was for an indefinite term.

Cause The County did not comply with state laws.

Effect Failure to comply with the state laws would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The Tax Collector should be bonded for an amount required by state law. Additionally, the Tax Collector should obtain a new bond every four years concurrent with the normal election cycle of the County.

**Views of Responsible
Official(s)**

The Tax Collector was bonded on January 9, 2019 for \$100,000 for an indefinite term. The County will require term of employment in the future.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 3, 2020

JACKSON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

JACKSON COUNTY

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JACKSON COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.