





**JONES COUNTY, MISSISSIPPI  
Audited Primary Government Financial  
Statements and Special Reports  
For the Year Ended September 30, 2005**

**JONES COUNTY**  
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JONES COUNTY

**FINANCIAL SECTION**

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

Members of the Board of Supervisors  
Jones County, Mississippi

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jones County, Mississippi, as of and for the year ended September 30, 2005, which collectively comprise the county's primary government financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements referred to above include only the primary government of Jones County, Mississippi, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the county's legal entity. The financial statements do not include financial data for the county's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Jones County, Mississippi, as of September 30, 2005, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of Jones County, Mississippi, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 29, 2006, on my consideration of Jones County, Mississippi's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Jones County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise Jones County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Marcus J. Martin*

MARCUS J. MARTIN  
Certified Public Accountant  
June 29, 2006

JONES COUNTY

**PRIMARY GOVERNMENT FINANCIAL STATEMENTS**

**Jones County**  
**Statement of Net Assets**  
**September 30, 2005**

**Exhibit 1**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 8,047,038	32,715	8,079,753
Property tax receivable	11,162,735		11,162,735
Accounts receivable (net of allowance for uncollectibles of \$549,815)		226,789	226,789
Fines receivable (net of allowance for uncollectibles of \$1,576,620)	1,921,269		1,921,269
Loans receivable	3,787,381		3,787,381
Capital leases receivable	20,673,600		20,673,600
Intergovernmental receivables	1,273,247	8,798	1,282,045
Other receivables	22,189		22,189
Internal balances	147,053	(147,053)	
Capital assets, net	68,501,682	262,214	68,763,896
<b>Total Assets</b>	<b>115,536,194</b>	<b>383,463</b>	<b>115,919,657</b>
<b>LIABILITIES</b>			
Claims payable	859,028	92,690	951,718
Intergovernmental payables	1,360,234		1,360,234
Deferred revenue	11,464,635	23,764	11,488,399
Long-term liabilities			
Due within one year:			
Capital debt	5,594,857	39,907	5,634,764
Due in more than one year:			
Capital debt	45,063,450	83,542	45,146,992
Non-capital debt	252,051	15,239	267,290
<b>Total Liabilities</b>	<b>64,594,255</b>	<b>255,142</b>	<b>64,849,397</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	17,843,375	138,765	17,982,140
Restricted:			
Expendable:			
Debt service	324,730		324,730
Public safety	(349,019)		(349,019)
Public works	6,560,099	(10,444)	6,549,655
Economic development	3,787,381		3,787,381
Unemployment compensation	45,714		45,714
Capital projects	87,511		87,511
Other purposes	37,479		37,479
Unrestricted	22,604,669		22,604,669
<b>Total Net Assets</b>	<b>\$ 50,941,939</b>	<b>128,321</b>	<b>51,070,260</b>

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

Jones County  
Statement of Activities  
For the Year Ended September 30, 2005

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Business-type Activities
				Capital Grants and Contributions	Governmental Activities	
						Total
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 8,050,287	1,061,010	407,859	(6,581,418)		(6,581,418)
Public safety	5,706,051	884,850	1,301,176	(3,520,025)		(3,520,025)
Public works	6,864,315		2,207,198	(4,476,707)		(4,476,707)
Health and welfare	806,504		164,687	(641,817)		(641,817)
Culture and recreation	483,799			(483,799)		(483,799)
Conversation of natural resources	87,300			(87,300)		(87,300)
Economic development and assistance	392,122			(392,122)		(392,122)
Interest on long-term debt	1,163,794			(1,163,794)		(1,163,794)
Total Governmental Activities	23,554,172	1,945,860	4,080,920	(17,346,982)	-	(17,346,982)
<b>Business-type activities:</b>						
Garbage collection	1,528,521	1,731,606	8,798		211,883	211,883
Total Business-type Activities	1,528,521	1,731,606	8,798		211,883	211,883
Total Primary Government	\$ 25,082,693	3,677,466	4,089,718	(17,346,982)	211,883	(17,135,099)
<b>General revenues:</b>						
Property taxes				\$ 15,142,716		15,142,716
Road & bridge privilege taxes				777,653		777,653
Grants and contributions not restricted to specific programs				2,441,016		2,441,016
Unrestricted investment income				445,633	801	446,434
Gain on sale of capital assets				56,753		56,753
Miscellaneous				923,601	7,179	930,780
Total General Revenues				19,787,372	7,980	19,795,352
Changes in Net Assets				2,440,390	219,863	2,660,253
Net Assets - Beginning				48,501,549	(91,542)	48,410,007
Net Assets - Ending				\$ 50,941,939	128,321	51,070,260

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

**Jones County**  
**Balance Sheet - Governmental Funds**  
**September 30, 2005**

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Howard Industries Fund	Countywide Bond Fund	Other Governmental Funds	
<b>ASSETS</b>					
Cash	\$ 2,545,285		251,173	5,250,580	8,047,038
Property tax receivable	6,919,695		2,300,231	1,942,809	11,162,735
Fines receivable (net of allowance for uncollectibles of \$1,576,620)	1,921,269				1,921,269
Loans receivable		3,550,000		237,381	3,787,381
Capital lease receivable		20,673,600			20,673,600
Intergovernmental receivables	450,454			822,793	1,273,247
Other receivables	22,189				22,189
Due from other funds			73,557	232,087	305,644
Advances to other funds	147,053			660,000	807,053
<b>Total Assets</b>	<b>\$ 12,005,945</b>	<b>24,223,600</b>	<b>2,624,961</b>	<b>9,145,650</b>	<b>48,000,156</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	\$ 511,155			347,873	859,028
Intergovernmental payables	1,360,234				1,360,234
Due to other funds	305,644				305,644
Advances from other funds	585,000			75,000	660,000
Deferred revenue	8,840,964	20,673,600	2,300,231	2,061,109	33,875,904
<b>Total Liabilities</b>	<b>11,602,997</b>	<b>20,673,600</b>	<b>2,300,231</b>	<b>2,483,982</b>	<b>37,060,810</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Debt service			324,730		324,730
Loans receivable		3,550,000		237,381	3,787,381
Advances	147,053			660,000	807,053
Unemployment compensation				45,714	45,714
<b>Unreserved, reported in:</b>					
General Fund	255,895				255,895
Special Revenue Funds				5,631,062	5,631,062
Capital Project Funds				87,511	87,511
<b>Total Fund Balances</b>	<b>402,948</b>	<b>3,550,000</b>	<b>324,730</b>	<b>6,661,668</b>	<b>10,939,346</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,005,945</b>	<b>24,223,600</b>	<b>2,624,961</b>	<b>9,145,650</b>	<b>48,000,156</b>

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

**Jones County**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets**  
**September 30, 2005**

Exhibit 3-1

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Total Fund Balance - Governmental Funds	\$	10,939,346
Amounts reported for governmental services in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$107,730,471		68,501,682
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,921,269
Capital lease receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		20,490,000
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.		(50,910,358)
Total Net Assets - Governmental Activities	\$	<u>50,941,939</u>

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

**Jones County**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2005**

Exhibit 4

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Howard Industries Fund	Countywide Bond Fund		
<b>REVENUES</b>					
Property taxes	\$ 9,688,191		2,919,305	2,535,220	15,142,716
Road and bridge privilege taxes	2,376			775,277	777,653
Licenses, commissions and other revenue	391,797			25,563	417,360
Fines and forfeitures	525,528				525,528
Intergovernmental revenues	1,881,026	107,700	58,414	4,655,206	6,702,346
Charges for services	106,554			663,311	769,865
Interest income	182,950	86,400		176,283	445,633
Miscellaneous revenues	790,038			135,835	925,873
Total Revenues	<u>13,568,460</u>	<u>194,100</u>	<u>2,977,719</u>	<u>8,966,695</u>	<u>25,706,974</u>
<b>EXPENDITURES</b>					
Current:					
General government	8,313,901			385,430	8,699,331
Public safety	3,324,923			2,269,320	5,594,243
Public works	197,892			7,998,644	8,196,536
Health and welfare	695,355			31,507	726,862
Culture and recreation	177,937			245,117	423,054
Conservation of natural resources	85,286				85,286
Economic development and assistance	271,507	14,386,814		12,915	14,671,236
Debt service:					
Principal	414,428	1,300,000	2,410,000	959,338	5,083,766
Interest	41,121	86,400	912,336	123,937	1,163,794
Total Expenditures	<u>13,522,350</u>	<u>15,773,214</u>	<u>3,322,336</u>	<u>12,026,208</u>	<u>44,644,108</u>
Excess of Revenues over (under) Expenditures	<u>46,110</u>	<u>(15,579,114)</u>	<u>(344,617)</u>	<u>(3,059,513)</u>	<u>(18,937,134)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued	799,631	14,279,114		2,054,793	17,133,538
Proceeds from sale of capital assets	63,279			496,479	559,758
Transfers in			400,000	223,872	623,872
Transfers out	(123,872)			(500,000)	(623,872)
Lease principal payments		950,000			950,000
Total Other Financing Sources and Uses	<u>739,038</u>	<u>15,229,114</u>	<u>400,000</u>	<u>2,275,144</u>	<u>18,643,296</u>
Net Changes in Fund Balances	<u>785,148</u>	<u>(350,000)</u>	<u>55,383</u>	<u>(784,369)</u>	<u>(293,838)</u>
Fund Balances - Beginning	<u>(382,200)</u>	<u>3,900,000</u>	<u>269,347</u>	<u>7,446,037</u>	<u>11,233,184</u>
Fund Balances - Ending	<u>\$ 402,948</u>	<u>3,550,000</u>	<u>324,730</u>	<u>6,661,668</u>	<u>10,939,346</u>

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

**Jones County**  
**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, 2005**

Exhibit 4-1

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Net Changes in Fund Balances - Governmental Funds \$ (293,838)

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 assets differs from the change in fund balances by the amount that capital outlays of \$4,032,652 exceeded depreciation of \$2,323,439 in the current period. 1,709,213

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by difference between the gain of \$56,753 and the proceeds from the sale of \$559,758 in the current period. (503,005)

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. 233,107

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the Governmental Funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from change in fund balances by the difference between principal collections on capital leases of \$950,000 and current year principal additions to capital leases receivable of \$14,279,114. 13,329,114

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$17,133,538 exceeded debt repayments of \$5,083,766. (12,049,772)

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. Thus, the change in net assets differs from the change in fund balances by the following:

Compensated absences 17,843

An adjustment to correct accumulated depreciation. (2,272)

Change in Net Assets of Governmental Activities \$ 2,440,390

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

**Jones County**  
**Statement of Net Assets - Proprietary Fund**  
**September 30, 2005**

Exhibit 5

	Business-type Activities
	Enterprise Fund Garbage Fund
<b>ASSETS</b>	
Current assets:	
Cash	\$ 32,715
Accounts receivable (net of allowance for uncollectibles of \$549,815)	226,789
Intergovernmental receivable	8,798
Total Current Assets	268,302
Noncurrent assets:	
Capital assets, net	262,214
Total Noncurrent Assets	262,214
Total Assets	530,516
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	92,690
Advances from other funds	147,053
Deferred revenue	23,764
Current portions of long-term capital-related debt:	
Capital leases payable	39,907
Total Current Liabilities	303,414
Noncurrent liabilities:	
Capital-related debt:	
Capital leases payable	83,542
Non-capital debt:	
Compensated absences payable	15,239
Total Noncurrent Liabilities	98,781
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	138,765
Restricted for public works	(10,444)
Total Net Assets	\$ 128,321

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

**Jones County**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund**  
**For the Year Ended September 30, 2005**

Exhibit 6

	Business-type Activites
	Enterprise Fund Garbage Fund
Operating Revenues	
Charges for services	\$ 1,731,606
Miscellaneous	7,139
Total Operating Revenues	1,738,745
Operating Expenses	
Personal services	641,216
Contractual services	601,261
Materials and supplies	121,436
Depreciation expense	129,867
Indirect administrative costs	22,733
Total Operating Expenses	1,516,513
Operating Income (Loss)	222,232
Nonoperating Revenues (Expenses)	
Interest income	801
Operating grants	8,798
Interest expense	(12,008)
Other income (expenses)	40
Net Nonoperating Revenue (Expenses)	(2,369)
Changes in Net Assets	219,863
Net Assets - Beginning	(91,542)
Net Assets Ending	\$ 128,321

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

**Jones County**  
**Statement of Cash Flows - Proprietary Fund**  
**For the Year Ended September 30, 2005**

Exhibit 7

	Business-type Activities
	Enterprise Fund
	Garbage Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,626,242
Payments to suppliers	(681,573)
Payments to employees	(641,240)
Other operating cash receipts	7,139
Net Cash Provided (Used) by Operating Activities	310,568
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Interfund loan repayments	(75,000)
Other receipts (payments)	801
Net Cash Provided (Used) by Noncapital Financing Activities	(74,199)
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	12,600
Principal paid on long-term debt	(245,521)
Interest paid on debt	(12,008)
Other receipts (payments)	40
Net Cash Provided (Used) by Capital and Related Financing Activities	(244,889)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,520)
Cash and Cash Equivalents at Beginning of Year	41,235
Cash and Cash Equivalents at End of Year	\$ 32,715
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 222,232
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	129,867
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(115,927)
Increase (decrease) in claims payable	41,124
Increase (decrease) in compensated absences liability	(24)
Increase (decrease) in deferred revenue	10,563
Increase (decrease) in interfund payable	22,733
Total Adjustments	88,336
Net Cash Provided (Used) by Operating Activities	\$ 310,568

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

**Jones County**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2005**

**Exhibit 8**

	<u>Agency</u> <u>Funds</u>
<b>ASSETS</b>	
Cash	\$ 421,525
Intergovernmental receivables	51,594
Other receivables	39
Total Assets	<u>\$ 473,158</u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 7,247
Intergovernmental payables	465,911
Total Liabilities	<u>\$ 473,158</u>

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

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**(1) Summary of Significant Accounting Policies**

**A. Financial Reporting Entity.**

Jones 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 Jones County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- ◆ South Central Regional Medical Center
- ◆ West Jones Fire Protection District
- ◆ Sharon-Shady Grove Fire Protection District
- ◆ Northeast Jones Fire Protection District
- ◆ South Jones Fire Protection District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- ◆ Board of Supervisors
- ◆ Chancery Clerk
- ◆ Circuit Clerk
- ◆ Justice Court Clerk
- ◆ Purchase Clerk
- ◆ Tax Assessor-Collector
- ◆ Sheriff

**B. Basis of Presentation.**

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

**Government-wide Financial Statements:**

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

The Statement of Net Assets presents the financial condition of the governmental activities and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental 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

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the county.

**Fund Financial Statements:**

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

**C. Measurement Focus and Basis of Accounting.**

The Government-wide, Proprietary Fund and Fiduciary 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.

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

The revenues and expenses of Proprietary Funds are classified as operating or 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 all activities of the general government for which a separate fund has not been established.

Countywide Bond Fund – This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and costs of borrowing relating to bonds.

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

Howard Industries Fund – This fund is used to account for loan and lease payments received from Howard Industries, Inc., which are used for the payment of related bond principal and interest.

The county reports the following major Proprietary Fund:

Garbage Fund – This fund is used to account for the county's activities of collection and disposal of solid waste within the county.

Additionally, the county reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

**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.

**FIDUCIARY FUND TYPES**

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

**D. Account Classifications.**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

**E. Deposits and Investments.**

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

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

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. 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 statement. 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.

General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure 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.

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

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

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

I. 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 in the 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 Fund Statement of Net Assets.

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

J. Equity Classifications.

Government-wide Financial Statements:

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

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.

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

Unrestricted net assets – All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

K. 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.

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

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 collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. 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.

M. 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 the Proprietary Fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

Therefore, the county's full liability in the amount of \$252,051 for accumulated unpaid personal leave up to a maximum of 30 days per employee is reported as a liability in the Statement of Net Assets. In the Proprietary Funds, the compensated absences are reported as a liability of the fund in the amount of \$15,239, which represents an amount up to a maximum of 30 days per employee.

**(2) Changes in Accounting Standards**

For the fiscal year ended September 30, 2005, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The provisions of this new statement have been incorporated into the financial statements and the accompanying notes.

**(3) Deposits**

The carrying amount of the county's total deposits with financial institutions at September 30, 2005, was \$8,501,278, and the bank balance was \$9,564,368. 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 Federal Depository Insurance Corporation.

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**(4) Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2005:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Bond Fund	General Fund	\$ 73,557
Other Governmental Funds	General Fund	232,087
Total		<u>\$ 305,644</u>

The receivables represent the tax revenue collected but not settled until October 2005 and correction of revenue distribution to other funds. 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	Garbage Fund	\$ 72,053
General Fund	Other Governmental Funds	75,000
Other Governmental Funds	General Fund	585,000
Other Governmental Funds	Garbage Fund	75,000
Total		<u>\$ 807,053</u>

The advances represent interfund loans and indirect costs associated with garbage collection. A continuing deficit in the General Fund has prompted borrowing from other funds in prior years to cover operations, and in the current year \$285,000 was borrowed from another fund to purchase a building. Most of the interfund balances are expected to be repaid within the next fiscal year.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Countywide Bond Fund	Other Governmental Funds	\$ 400,000
Other Governmental Funds	General Fund	123,872
Other Governmental Funds	Other Governmental Funds	100,000
Total		<u>\$ 623,872</u>

All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**(5) Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2005 consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tag Credit	\$ 324,160
Federal Public Assistance Grants	941,903
Other	7,184
Total Governmental Activities	<u>\$ 1,273,247</u>
Business-type Activities:	
Federal Public Assistance Grants	<u>\$ 8,798</u>

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**(6) Loans Receivable**

Loans receivable balances at September 30, 2005, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Payable
Debar Construction CDBG Loan	05-01-95	5.25	07-01-06	\$ 28,840
Debar Construction CDBG Loan	09-30-98	5.50	09-30-09	208,541
Howard Industries MBIA Loan	02-01-98	-	02-01-13	1,600,000
Howard Industries MBIA Loan	12-01-98	-	12-01-18	1,950,000
Total				<u>\$ 3,787,381</u>

The loans receivable from Debar Construction, Inc. are impaired and may not be fully collectible due to bankruptcy of the company. See Note (16) for additional information.

**(7) Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2005:

	Oct. 1, 2004	Additions	Deletions	Adjustments	Sept. 30, 2005
<b>Governmental Activities:</b>					
<i>Non-depreciable capital assets:</i>					
Land	\$ 507,616	\$ 85,000			\$ 592,616
Construction in progress	5,792,739	97,703		(5,883,671)	6,771
Total non-depreciable capital assets	<u>6,300,355</u>	<u>182,703</u>	-	<u>(5,883,671)</u>	<u>599,387</u>
<i>Depreciable capital assets:</i>					
Infrastructure	142,978,750				142,978,750
Buildings	14,859,061	237,434		162,785	15,259,280
Mobile equipment	6,343,971	592,968	(1,275,263)	558,305	6,219,981
Furniture and equipment	1,102,442	105,540	(211,223)	40,827	1,037,586
Leased property under capital leases	8,107,434	2,914,007	(285,140)	(599,132)	10,137,169
Total depreciable capital assets	<u>173,391,658</u>	<u>3,849,949</u>	<u>(1,771,626)</u>	<u>162,785</u>	<u>175,632,766</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(94,788,112)	(365,190)			(95,153,302)
Buildings	(3,428,371)	(292,867)			(3,721,238)
Mobile equipment	(4,556,658)	(525,125)	873,329	(357,299)	(4,565,753)
Furniture and equipment	(885,647)	(114,245)	204,123	(27,537)	(823,306)
Leased property under capital leases	(3,014,593)	(1,026,012)	191,169	382,564	(3,466,872)
Total accumulated depreciation	<u>(106,673,381)</u>	<u>(2,323,439)</u>	<u>1,268,621</u>	<u>(2,272)</u>	<u>(107,730,471)</u>
Total depreciable capital assets, net	<u>66,718,277</u>	<u>1,526,510</u>	<u>(503,005)</u>	<u>160,513</u>	<u>67,902,295</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 73,018,632</u>	<u>\$ 1,709,213</u>	<u>\$ (503,005)</u>	<u>\$ (5,723,158)</u>	<u>\$ 68,501,682</u>

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

	Balance Oct. 1, 2004	Additions	Deletions	Adjustments	Balance Sept. 30, 2005
<b>Business-type Activities:</b>					
<i>Depreciable capital assets:</i>					
Mobile equipment	\$ 1,759			\$ 550,574	\$ 552,333
Furniture and equipment	14,724				14,724
Leased property under capital leases	712,737			(550,574)	162,163
Total depreciable capital assets	<u>729,220</u>	-	-	-	<u>729,220</u>
<i>Less accumulated depreciation for:</i>					
Mobile equipment	-	(99,103)		(297,308)	(396,411)
Furniture and equipment	(10,641)	(1,574)			(12,215)
Leased property under capital leases	(326,498)	(29,190)		297,308	(58,380)
Total accumulated depreciation	<u>(337,139)</u>	<u>(129,867)</u>	-	-	<u>(467,006)</u>
Total depreciable capital assets, net	<u>392,081</u>	<u>(129,867)</u>	-	-	<u>262,214</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 392,081</u>	<u>\$ (129,867)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,214</u>

Depreciation expense was charged to the following functions:

<b>Governmental Activities:</b>	
General Government	\$ 150,466
Public Safety	810,472
Public Works	1,181,238
Health and Welfare	79,999
Culture and Recreation	98,893
Conservation of Natural Resources	2,371
Total	<u>\$ 2,323,439</u>

<b>Business-type Activities:</b>	
Garbage Collection	<u>\$ 129,867</u>

The significant adjustments to capital assets above include lease purchases which were paid off during the year and transferred to other appropriate categories and prior year construction in progress for an industrial facility which is currently being leased (see Note (9)).

Construction in progress at September 30, 2005, consisted of the complete renovation of the Moye Office Building, which was purchased in 2004 for additional office and storage space for the county. Currently the project is still ongoing.

**(8) Claims and Judgments**

**Risk Financing.**

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$750,000 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, 2005, to January 1, 2006. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Until August 31, 2002, the county financed its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool.

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

Although a commercial insurance company began providing coverage at that time, the county retained its vision coverage with the pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county purchases commercial insurance to cover all claims in excess of premium contributions. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The county had no year-end liability because cash on deposit in the risk pool exceeded the pool's accrued unpaid claims in the amount of \$25,883, reported on the balance sheet.

**(9) Capital Leases**

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2005:

<u>Class of Property</u>	<u>Amount</u>
Industrial Facilities for Howard Industries	\$ 4,000,000
Industrial Facilities for Howard Industries	14,000,000
Industrial Facilities for Howard Industries	6,000,000
	<u>\$ 24,000,000</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2005, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,070,000	\$ 71,400
2007	1,140,000	55,200
2008	1,210,000	37,800
2009	1,270,000	19,200
2010	1,000,000	
2011-2015	5,000,000	
2016-2020	5,000,000	
2021-2025	4,800,000	
	<u>\$ 20,490,000</u>	<u>\$ 183,600</u>

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2005:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land and buildings	\$ 2,563,695	\$
Mobile equipment	5,584,664	162,163
Other furniture and equipment	1,988,810	
Total	10,137,169	162,163
Less: Accumulated depreciation	<u>3,466,872</u>	<u>58,380</u>
Leased Property Under Capital Leases	<u>\$ 6,670,297</u>	<u>\$ 103,783</u>

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

The following is a schedule by years of the total payments due as of September 30, 2005:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 1,530,133	\$ 151,034	\$ 39,907	\$ 3,805
2007	1,287,589	124,477	41,137	2,575
2008	966,861	78,146	42,405	1,307
2009	1,093,497	50,026		
2010	256,012	13,326		
2011-2015	129,741	4,637		
	<u>\$ 5,263,833</u>	<u>\$ 421,646</u>	<u>\$ 123,449</u>	<u>\$ 7,687</u>

**(10) Long-term Debt**

Debt outstanding as of September 30, 2005, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Enterprise bonds for Howard Industries	\$ 270,000	0.00	04-14
Multi-purpose center construction	1,955,000	4.00 to 6.00	12-11
Road and bridge	1,870,000	4.42	04-08
Juvenile center construction	1,725,000	4.35 to 5.25	10-15
Justice Court Building and road improvements	4,550,000	1.75 to 4.25	06-12
Refunding bond	2,100,000	2.40 to 3.85	01-09
MBIA bonds for Tech Park	4,380,000	3.00	03-21
Construction bond	3,800,000	3.32	04-19
MBIA bonds for Howard Industries	1,190,000	6.00	01-09
MBIA bonds for Howard Industries	1,600,000	0.00	12-13
MBIA bonds for Howard Industries	1,950,000	0.00	12-18
MBIA bonds for Tech Park	13,300,000	0.00	10-23
MBIA bonds for Tech Park	6,000,000	0.00	04-25
Total General Obligation Bonds	<u>\$ 44,690,000</u>		

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>B. Capital Leases:</b>			
Gibson building	\$ 259,026	8.00	09-06
Konica digital copier	2,485	3.45	11-05
IBM AS400 computer system	362,874	3.40	08-10
2 GMC pickup trucks	27,898	3.25	04-09
PBX phone system	15,491	3.18	02-07
Konica copier	3,091	3.19	08-07
2005 GMC truck	19,380	3.25	02-09
19 Crown Victoria patrol cars	389,480	3.23	03-09
Toshiba copier	6,792	3.21	01-07
Ford F250 truck	14,029	3.09	01-08
John Deere field & bunker rake	2,164	3.77	11-05
2 mowers	6,524	3.40	12-06
E-911 tower & equipment	285,842	4.66	03-08
E-911 command system	93,977	4.91	07-08
E-911 emergency equipment	219,310	3.15	08-11
Toshiba copier	2,544	3.99	10-08
2002 Freightliner tanker truck	6,204	4.54	09-06
2 Pierce fire trucks	136,135	4.73	03-09
Fire tanker	75,880	5.23	10-15
5 Freightliner fire trucks	158,914	5.09	11-06
Western Star fire truck	29,510	3.40	03-09
1990 Ford fire truck	19,045	3.23	11-07
10 warning sirens with equipment	72,203	4.07	08-09
1997 Freightliner FL80	24,450	3.25	10-09
2004 Caterpillar bulldozer	154,557	2.75	07-07
3 2004 Caterpillar excavators	236,317	3.04	08-07
3 trucks	2,964	2.99	03-08
3 tractors & 2 mowers	183,977	3.25	03-09
New Holland tractor	21,031	3.16	08-07
2004 GMC Sierra truck	7,565	2.89	06-08
Cat 140H motorgrader	173,714	3.14	01-09
Cat 924GZ wheel loader	92,821	3.60	10-09
2 tractors & 2 mowers	44,154	3.01	06-07
2004 GMC Sierra truck	6,565	2.89	05-08
6 tractors & 6 mowers	356,393	3.25	06-09
3 Caterpillar backhoes	119,917	3.09	01-06
8 2003 Ford dump trucks	97,129	3.24	09-06
4 2006 Mack trucks	363,068	3.09	10-09
2 tractors & 2 mowers	137,546	3.25	03-09
Cat 416D backhoe	50,210	3.25	04-09
2006 GMC Sierra truck	11,671	3.99	10-09
Cat 135H motorgrader	164,209	3.40	11-08
Komatsu excavator & backhoe	97,641	2.89	06-08
1999 rubber tire roller	9,186	3.37	08-06
2002 Freightliner FL-70 truck	45,420	3.28	10-06
2003 Ford F-350	13,103	3.28	12-06
10' rotary cutter	4,087	3.49	12-06
3 New Holland tractors	31,648	3.75	05-06
Cat 140H motorgrader	173,714	3.14	01-09
3 tractors	117,382	3.14	01-09
3 mowers	71,697	3.14	02-09
2004 GMC Sierra truck	6,308	2.89	06-08
2 Kubota tractors	70,324	3.19	10-08
Cat 924GZ wheel loader	92,821	3.40	08-09
Konica copier	1,217	3.17	02-06
Tractor & mower	63,026	3.25	08-09
2004 GMC Sierra truck	9,203	2.89	05-08
<b>Total Capital Leases</b>	<b><u>\$ 5,263,833</u></b>		

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>C. Other Loans:</b>			
MS Development Authority - Debar	\$ 28,840	5.50	07-06
MS Development Authority - Debar	208,541	5.50	07-10
State of MS - volunteer fire department	467,093	3.70	07-11
Total Other Loans	<u>\$ 704,474</u>		

**Business-type Activities:**

<b>A. Capital Leases:</b>			
Heil garbage truck	\$ 72,276	2.89	05-08
2005 International truck	51,173	3.25	08-08
Total Capital Leases	<u>\$ 123,449</u>		

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

**Governmental Activities:**

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2006	\$ 3,955,000	\$ 804,667	\$ 109,724	\$ 25,126
2007	4,145,000	693,504	112,410	20,577
2008	4,350,000	578,159	127,785	16,002
2009	3,570,000	469,170	115,317	11,224
2010	3,025,000	374,699	156,841	6,238
2011-2015	12,220,000	1,023,288	82,397	2,369
2016-2020	8,295,000	304,025		
2021-2025	5,130,000	9,900		
	<u>\$ 44,690,000</u>	<u>\$ 4,257,412</u>	<u>\$ 704,474</u>	<u>\$ 81,536</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, 2005, the amount of outstanding debt was equal to 11.83% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2005:

	Balance Oct. 1, 2004	Additions	Reductions	Adjustments	Balance Sept. 30, 2005	Amount Due Within One Year
<b>Governmental Activities:</b>						
Compensated absences	\$ 269,894	\$ 252,181	\$ 270,024		\$ 252,051	
General obligation bonds	34,120,886	14,279,114	3,710,000		44,690,000	3,955,000
Capital leases	3,713,752	2,854,424	1,304,343		5,263,833	1,530,133
Other loans	773,897		69,423		704,474	109,724
Total	<u>\$ 38,878,429</u>	<u>\$ 17,385,719</u>	<u>\$ 5,353,790</u>	<u>\$ -</u>	<u>\$ 50,910,358</u>	<u>\$ 5,594,857</u>
<b>Business-type Activities:</b>						
Compensated absences	\$ 15,263	\$ 25,534	\$ 25,558		\$ 15,239	
Capital leases	368,970		245,521		123,449	39,907
Total	<u>\$ 384,233</u>	<u>\$ 25,534</u>	<u>\$ 271,079</u>	<u>\$ -</u>	<u>\$ 138,688</u>	<u>\$ 39,907</u>

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**(11) Deficit Fund Balance of Individual Funds**

The following funds reported deficits in fund balances or net assets at September 30, 2005:

Fund	Deficit Amount
Special Revenue Fund – Emergency Management	\$ 455,490

**(12) Contingencies**

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

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

Hospital Revenue Bond and Note Contingencies – The county issues revenue bonds and notes to provide funds for constructing and improving capital facilities of the South Central Regional Medical Center. Revenue bonds and notes are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the county remains contingently liable for the retirement of these bonds and notes because the full faith, credit and taxing power of the county is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds and notes outstanding at September 30, 2005, is \$18,005,000 and \$6,571,384, respectively.

**(13) Joint Ventures**

The county participates in the following joint ventures:

Jones County is a participant with the cities of Laurel, Ellisville and Sandersville in a joint venture, authorized by Section 39-3-9, Miss Code Ann. (1972), to operate the Laurel-Jones County Library. The joint venture was created to provide free public library service to the citizens of Jones County. The Jones County Board of Supervisors appoints one of the four members of the board of directors. By contractual agreement, the county's appropriation to the joint venture was \$256,000 in fiscal year 2005. Complete financial statements for the Laurel-Jones County Library can be obtained from 530 Commerce Street, Laurel, MS 39440.

Jones County is a participant with Forrest County, the Cities of Hattiesburg and Laurel, and the State of Mississippi in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Hattiesburg-Laurel Regional Airport Authority. The joint venture was created to develop and maintain the airport for the members of the authority. The Jones County Board of Supervisors appoints one of the five members of the board of commissioners. By contractual agreement, the county's appropriation to the joint venture was \$197,892 in fiscal year 2005. Complete financial statements for the Hattiesburg-Laurel Regional Airport Authority can be obtained from 1002 Terminal Drive, Moselle, MS 39359.

Jones County is a participant with the Counties of Covington, Stone and Perry, and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Pine Belt Regional Solid Waste Authority. The joint venture was created to dispose of solid waste in members of the authority. The Jones County Board of Supervisors appoints two of the 12 members of the board of directors. The authority is funded by user fees based on the volume of solid

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

waste. Complete financial statements for the Pine Belt Regional Solid Waste Authority can be obtained from P.O. Box 1898, Hattiesburg, MS 39403.

Jones County is a participant with the Cities of Laurel, Ellisville, Soso and Sandersville in a joint venture, authorized by Section 19-9-11, Miss. Code Ann. (1972), to operate the Jones County Economic Development Authority. The joint venture was created to foster, encourage and facilitate economic development in the county. The Jones County Board of Supervisors appoints six of the 22 members of the board of trustees. By contractual agreement, the county's appropriation to the joint venture was \$250,008 in fiscal year 2005. Complete financial statements for the Jones County Economic Development Authority can be obtained from P.O. Box 527, Laurel, MS 39441.

**(14) 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 Jones County Board of Supervisors appoints one of the 27 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$49,000 for support of the district in fiscal year 2005.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Jones County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$144,996 for support of the entity in fiscal year 2005.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Jones County Board of Supervisors appoints six of the 20 members of the college board of trustees. The county appropriated \$1,223,040 for maintenance and support of the college in fiscal year 2005.

Pearl River Valley Opportunity, Inc. operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jones County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each county provides a modest amount of financial support when matching funds are required for federal grants.

Mississippi Regional Housing Authority VIII 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 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.

South Mississippi Fair operates in a district composed of Jones County and the City of Laurel. The Jones County Board of Supervisors appoints the five-member fair commission. The county issued general obligation bonds for the construction of a multi-purpose building to be used by the South Mississippi Fair. The county appropriated \$35,879 for support of the fair in fiscal year 2005.

**(15) Defined Benefit Pension Plan**

Plan Description. Jones County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees'

**JONES COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 10.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2005, 2004 and 2003 were \$848,185, \$763,521, and \$755,305, respectively, equal to the required contributions for each year.

**(16) Subsequent Events**

Subsequent to September 30, 2005, Jones County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
Nov-05	3.60	\$ 69,500	Lease Purchase	Ad Valorem Tax
Jan-06	3.81	214,518	Lease Purchase	Garbage Collection Fees
Jan-06	3.81	83,751	Lease Purchase	Ad Valorem Tax
Jan-06	3.79	67,800	Lease Purchase	Ad Valorem Tax
Jan-06	4.34	4,212	Lease Purchase	Ad Valorem Tax
Feb-06	3.89	83,357	Lease Purchase	Ad Valorem Tax
Apr-06	4.04	55,443	Lease Purchase	Ad Valorem Tax
Apr-06	3.79	62,500	Lease Purchase	Ad Valorem Tax
May-06	3.79	46,107	Lease Purchase	Ad Valorem Tax
May-06	3.79	33,989	Lease Purchase	Ad Valorem Tax
May-06	3.79	58,281	Lease Purchase	Ad Valorem Tax
May-06	3.79	20,623	Lease Purchase	Ad Valorem Tax

In December 2004, Debar Construction, Inc., a debtor to the county, declared bankruptcy. As listed in Note (6) and Note (10), the county has obtained two loans on behalf of this company from Mississippi Development Authority. As of September 30, 2005, the combined balance of these loans was \$237,381. Currently, the county is involved in bankruptcy proceedings to recover the remaining money owed to the county, but recovery of funds is unlikely.

On November 7, 2005, the Board of Supervisors approved a loan agreement between the Hattiesburg-Laurel Regional Airport Authority and the Mississippi Development Authority for a principal amount of \$90,000 for the purpose of making improvements to the airport facilities. This loan will be repaid by the Authority through appropriations it receives from the participants in the joint venture described in Note (13). However, under the agreement, the county forfeits its sales tax allocation and/or homestead exemption reimbursement if the Authority fails to repay the loan.

Due to the considerable costs of debris removal and cleanup associated with damage the county sustained as a result of Hurricane Katrina, the county obtained a line of credit with a local financial institution to pay part of these costs until reimbursement could be received from the Federal Emergency Management Agency (FEMA). General obligation notes totaling \$7,096,927 have been drawn from this line of credit with an interest rate of 4.49% due on September 15, 2006. The county has received reimbursement from FEMA for approximately \$13.5 million of all debris removal and cleanup costs, which have currently exceeded \$25 million, and is expecting full reimbursement for any remaining costs.

Since April 2006, the Southeast Mississippi Drug Task Force, to which the county allocated funds, has been under investigation by the Mississippi Bureau of Investigation, the Office of the State Auditor, and the Jones County District Attorney's Office. Due to discrepancies found, the operations of the task force have subsequently ceased and are not expected to resume. Funds recovered from the task force have been deposited in a restricted account held by the county pending the completion of the investigation.

JONES COUNTY

**REQUIRED SUPPLEMENTARY INFORMATION**

**Jones County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund (and each major special revenue fund)**  
**For the Year Ended September 30, 2005**

	General Fund			Howard Industries Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	
<b>REVENUES</b>							
Property taxes	\$ 9,562,510	9,631,621	9,631,621	-	-	-	-
Road and bridge privilege taxes	-	2,376	2,376	-	-	-	-
Licenses, commissions and other revenue	390,000	412,914	394,400	(18,514)	-	-	-
Fines and forfeitures	447,500	479,374	497,888	18,514	-	-	-
Intergovernmental revenues	1,863,500	1,874,550	1,874,550	-	107,700	107,700	-
Charges for services	125,000	101,540	101,540	-	-	-	-
Interest income	60,000	178,768	178,768	-	-	-	-
Miscellaneous revenues	456,740	754,280	754,280	-	700,000	1,386,400	-
<b>Total Revenues</b>	<b>12,905,250</b>	<b>13,435,423</b>	<b>13,435,423</b>	<b>-</b>	<b>700,000</b>	<b>1,494,100</b>	<b>-</b>
<b>EXPENDITURES</b>							
Current:							
General government	6,704,905	7,696,741	7,673,155	23,586	-	-	-
Public safety	2,922,062	2,969,072	2,845,312	123,760	-	-	-
Public works	197,899	197,892	197,892	-	-	-	-
Health and welfare	860,555	841,083	841,083	-	-	-	-
Culture and recreation	283,094	311,204	300,563	10,641	-	-	-
Education	128,000	74,673	74,673	-	-	-	-
Conservation of natural resources	84,166	89,071	85,510	3,561	-	-	-
Economic development and assistance	415,440	418,833	418,833	-	700,000	1,494,100	-
Debt service principal, interest, and fees	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>11,596,121</b>	<b>12,598,569</b>	<b>12,598,569</b>	<b>(161,548)</b>	<b>700,000</b>	<b>1,494,100</b>	<b>-</b>
Excess of Revenues over (under) Expenditures	1,309,129	836,854	836,854	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Other financing sources	2,000	420,907	135,907	(285,000)	-	-	-
Other financing uses	(701,370)	(1,137,220)	(262,220)	875,000	-	-	-
<b>Total Other Financing Sources and Uses</b>	<b>(699,370)</b>	<b>(716,313)</b>	<b>(126,313)</b>	<b>590,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	609,759	120,541	710,541	590,000	-	-	-
Fund Balances - Beginning	240,000	675,963	675,963	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 849,759</b>	<b>796,504</b>	<b>1,386,504</b>	<b>590,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**JONES COUNTY**  
**Notes to the Required Supplementary Information**  
**For the Year Ended September 30, 2005**

**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-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

**B. Basis of Presentation.**

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

**C. Budget/GAAP Reconciliation.**

The major 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 each major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	Howard Industries Fund
Budget (Cash Basis)	\$ 710,541	-
Increase (Decrease)		
Net adjustments for revenue accruals	860,040	13,929,114
Net adjustments for expenditure accruals	(785,433)	(14,279,114)
GAAP Basis	\$ 785,148	(350,000)

JONES COUNTY

**SUPPLEMENTAL INFORMATION**

**JONES COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2005**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>MAJOR FEDERAL AWARDS</b>			
<b>U.S. Department of Homeland Security</b>			
Passed-through the Mississippi Emergency Management Agency Public Assistance Grants	97.036	N/A	\$ 954,171
Total Expenditures of Major Federal Awards			<u>954,171</u>
<b>OTHER FEDERAL AWARDS</b>			
<b>U.S. Department of Housing and Urban Development</b>			
Community Planning and Development Passed-through the Mississippi Development Authority Community Development Block Grants, State's Program	14.228	1118-01-034-PF-01	<u>11,000</u>
<b>U.S. Department of Justice</b>			
Office of Justice Programs, Office for Victims of Crime Passed-through the Mississippi Department of Public Safety Crime Victim Assistance	16.575	N/A	17,313
Office of Justice Programs, Bureau of Justice Assistance Passed-through the Mississippi Department of Public Safety Edward Byrne Memorial Formula Grant Program	16.579	N/A	186,477
Office of Justice Programs, Bureau of Justice Assistance Passed-through the Mississippi Department of Public Safety Local Law Enforcement Block Grants Program	16.592	02-LB-VX-6855	<u>7,459</u>
Total U.S. Department of Justice			<u>211,249</u>
<b>U.S. Department of Transportation</b>			
Federal Highway Administration Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	N/A	3,696
National Highway Traffic Safety Administration Passed-through the Mississippi Department of Public Safety State and Community Highway Safety	20.600	N/A	<u>25,327</u>
Total U.S. Department of Transportation			<u>29,023</u>
<b>U.S. Department of Education</b>			
Office of Safe and Drug-free Schools Passed-through the Mississippi Department of Public Safety Safe and Drug-free Schools and Communities, State Grants	84.186	N/A	<u>63,982</u>
<b>U.S. Department of Homeland Security</b>			
Passed-through the Mississippi Emergency Management Agency State Domestic Preparedness Equipment Support Program	97.004	N/A	259,364
Passed-through the Mississippi Emergency Management Agency Emergency Management Performance Grants	97.042	N/A	<u>6,736</u>
Total U.S. Department of Homeland Security			<u>266,100</u>
Total Expenditures of Other Federal Awards			<u>581,354</u>
Total Expenditures of Federal Awards			<u>\$ 1,535,525</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note A – Significant Accounting Policies

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

JONES COUNTY

**SPECIAL REPORTS**

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

Members of the Board of Supervisors  
Jones County, Mississippi

I have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jones County, Mississippi, as of and for the year ended September 30, 2005, which collectively comprise the county's basic primary government financial statements and have issued my report thereon dated June 29, 2006. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

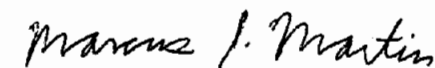
Internal Control over Financial Reporting

In planning and performing my audit, I considered Jones County, Mississippi's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the primary government financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jones County, Mississippi's primary government financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted a certain immaterial instance of noncompliance which I have reported to the management of Jones County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 29, 2006, included within this document.

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



MARCUS J. MARTIN  
Certified Public Accountant  
June 29, 2006

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

Members of the Board of Supervisors  
Jones County, Mississippi

Compliance

I have audited the compliance of Jones County, Mississippi, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. Jones County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jones County, Mississippi's management. My responsibility is to express an opinion on Jones County, Mississippi's compliance based on my audit.

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

In my opinion, Jones County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of Jones County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Jones County, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

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

*Marcus J. Martin*

MARCUS J. MARTIN  
Certified Public Accountant  
June 29, 2006

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

Members of the Board of Supervisors  
Jones County, Mississippi

I have made a study and evaluation of the central purchasing system and inventory control system of Jones County, Mississippi, as of and for the year ended September 30, 2005. My study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as I considered necessary in the circumstances.

The Board of Supervisors of Jones County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Jones County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system of 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 my opinion, Jones County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with my aforementioned study and evaluation of the purchasing system and, in my opinion, is fairly presented when considered in relation to that study and evaluation.

This report is intended for use in evaluating the central purchasing system and inventory control system of Jones County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

  
MARCUS J. MARTIN  
Certified Public Accountant  
June 29, 2006

**JONES COUNTY**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2005**

**Schedule 1**

My test results did not identify any purchases from other than the lowest bidder.

**JONES COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2005**

**Schedule 2**

<b>Date</b>	<b>Item Purchased</b>	<b>Amount Paid</b>	<b>Vendor</b>	<b>Reason for Emergency Purchase</b>
7/8/05	Gasoline	\$ 2,189.56	Stinson Petroleum	Hurricane Dennis
8/9/05	Emergency Surgery	\$ 1,057.96	Animal Med. Clinic	Sick Canine
8/26/05	Repair Phone	\$ 156.00	Motorola	Hurricane Katrina
8/27/05	File, Chain, Oil	\$ 20.73	Jones Sales & Service	Hurricane Katrina
8/28/05	Propane Gas	\$ 355.90	Blossman	Hurricane Katrina
8/28/05	Gasoline	\$ 1,948.50	Stinson Petroleum	Hurricane Katrina
8/29/05	Labor	\$ 585.00	Walters Septic & Backhoe	Hurricane Katrina
8/30/05	Clean-up Work	\$ 530.00	Gary Hicks Construction	Hurricane Katrina
8/30/05	Oil, Files	\$ 13.63	Parker Brothers, Inc.	Hurricane Katrina
8/30/05	Backhoe work	\$ 650.00	R & J Construction	Hurricane Katrina
8/30/05	Oil, Chains	\$ 62.45	Taylor Small Engines	Hurricane Katrina
8/30/05	Saws, Mix Oil	\$ 600.75	Taylor Small Engines	Hurricane Katrina
8/30/05	Saws, Linds, & Link Pieces	\$ 1,004.00	Taylor Small Engines	Hurricane Katrina
8/30/05	Labor	\$ 830.00	Walters Septic & Backhoe	Hurricane Katrina
8/31/05	Cut off Value, Glue, Boul	\$ 29.66	City Salvage	Hurricane Katrina
8/31/05	Roofing Supplies	\$ 470.32	City Salvage	Hurricane Katrina
8/31/05	Roofing Tacks, Blades, Saws, etc.	\$ 25.80	City Salvage	Hurricane Katrina
8/31/05	Roll Roofing, tacks	\$ 88.40	City Salvage	Hurricane Katrina
8/31/05	Trailer Mounted Generator	\$ 28,000.00	D & M Enterprises	Hurricane Katrina
8/31/05	Diesel	\$ 9,270.02	Stinson Petroleum	Hurricane Katrina
8/31/05	Chain Saws, Cans, Oil	\$ 618.23	Woody & Sons, Inc.	Hurricane Katrina
9/1/05	Cooler, Wire	\$ 104.68	Carquest Auto Parts	Hurricane Katrina
9/1/05	3 Tarps	\$ 6.57	City Salvage	Hurricane Katrina
9/1/05	Roof Patch, Screws, Poly	\$ 271.74	City Salvage	Hurricane Katrina
9/1/05	Tarp	\$ 564.30	City Salvage	Hurricane Katrina
9/1/05	Saws, Bar Oil, Files, Mix Oil	\$ 1,575.29	Ellisville Auto Supply	Hurricane Katrina
9/1/05	Chain Saw, Chains	\$ 2,079.60	Ellisville Auto Supply	Hurricane Katrina
9/1/05	Cellular Phones, Charger	\$ 5,988.08	Motorola	Hurricane Katrina
9/1/05	Diesel	\$ 117.80	Pine Belt Oil Co.	Hurricane Katrina
9/1/05	Gasoline & Diesel	\$ 27,069.99	Stinson Petroleum	Hurricane Katrina
9/1/05	Parts & Labor	\$ 23.00	Taylor Small Engines	Hurricane Katrina
9/1/05	Repari Saws	\$ 98.34	Taylor Small Engines	Hurricane Katrina
9/1/05	Groceries	\$ 52.43	Walmart	Hurricane Katrina
9/2/05	Replace Wire	\$ 125.00	County Line Fence Co.	Hurricane Katrina
9/2/05	Rotary Pump	\$ 59.99	Dixie Tractor Sales & Service	Hurricane Katrina
9/2/05	Diesel	\$ 366.14	Joe's Service Station	Hurricane Katrina
9/2/05	Tire Repair to Backhoe	\$ 31.25	Laurel A-1 Tire Center	Hurricane Katrina
9/2/05	Pump	\$ 105.99	Magnolia Farm & Home Supply	Hurricane Katrina
9/2/05	Diesel	\$ 741.83	Pine Belt Oil Co.	Hurricane Katrina
9/2/05	Generator	\$ 3,198.95	Taylor Small Engines	Hurricane Katrina
9/2/05	Coffee	\$ 27.16	Walmart	Hurricane Katrina
9/2/05	Labor	\$ 1,170.00	Walters Septic & Backhoe	Hurricane Katrina
9/3/05	Labor	\$ 1,000.00	Walters Septic & Backhoe	Hurricane Katrina
9/3/05	PVC Pipes & Coup	\$ 7.52	Dixie Pump & Supply	Hurricane Katrina
9/3/05	Gasoline	\$ 21,598.86	Laurel Oil LLC	Hurricane Katrina
9/3/05	Gasoline & Diesel	\$ 9,350.07	Laurel Oil LLC	Hurricane Katrina
9/3/05	Regular Gasoline	\$ 822.30	Pine Belt Oil Co.	Hurricane Katrina
9/3/05	2-Cycle	\$ 51.48	Sandersville Auto Parts	Hurricane Katrina
9/3/05	Diesel	\$ 3,231.55	Stinson Petroleum	Hurricane Katrina
9/3/05	Diesel	\$ 1,598.08	Stinson Petroleum	Hurricane Katrina
9/3/05	Diesel	\$ 2,394.58	Stinson Petroleum	Hurricane Katrina
9/3/05	Diesel	\$ 9,435.19	Stinson Petroleum	Hurricane Katrina
9/3/05	Diesel	\$ 3,067.19	Stinson Petroleum	Hurricane Katrina
9/3/05	Oil	\$ 116.16	Jones Sales & Service	Hurricane Katrina
9/3/05	Chains	\$ 81.50	Taylor Small Engines	Hurricane Katrina
9/3/05	Chains	\$ 45.00	Taylor Small Engines	Hurricane Katrina

**JONES COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2005**

**Schedule 2 – Continued**

<b>Date</b>	<b>Item Purchased</b>	<b>Amount Paid</b>	<b>Vendor</b>	<b>Reason for Emergency Purchase</b>
9/3/05	Wench, Chains	\$ 76.85	Taylor Small Engines	Hurricane Katrina
9/3/05	Supplies	\$ 133.77	Walmart	Hurricane Katrina
9/4/05	Tape, Soc. Set	\$ 107.96	Ellisville Auto Supply	Hurricane Katrina
9/4/05	Gasoline	\$ 2,097.82	Stinson Petroleum	Hurricane Katrina
9/4/05	Tuthill Pumps, Plugs, Tank	\$ 1,869.85	Hughes, Inc	Hurricane Katrina
9/5/05	Tire Repair	\$ 94.00	Burroughs Tire Service	Hurricane Katrina
9/5/05	Powerale, Dasani Water	\$ 355.00	Coca Cola Bottling Co.	Hurricane Katrina
9/5/05	Chain, Pins, Hairclips	\$ 38.38	Dixie Tractor Sales & Service	Hurricane Katrina
9/5/05	Chain Saw & Labor	\$ 37.76	Ellisville Auto Supply	Hurricane Katrina
9/5/05	Hose, Swivel, Hyd Fittings	\$ 55.05	Ellisville Auto Supply	Hurricane Katrina
9/5/05	Tuthill Pump	\$ 230.00	Hughes, Inc	Hurricane Katrina
9/5/05	10,000 gals. Fuel Tank	\$ 3,000.00	Gary Hicks Construction	Hurricane Katrina
9/5/05	Municipal Solid Waste	\$ 29.26	PBRSWMA	Hurricane Katrina
9/5/05	Nuts, Bolts, Screws, Washers	\$ 28.79	Phillips Building Supply	Hurricane Katrina
9/5/05	Repair to D.H.S.	\$ 148.22	Phillips Building Supply	Hurricane Katrina
9/5/05	Rubbish Pickup	\$ 290.00	Randy-Danny Inc	Hurricane Katrina
9/5/05	Gasoline	\$ 854.00	Stinson Petroleum	Hurricane Katrina
9/5/05	Gasoline	\$ 1,337.74	Stinson Petroleum	Hurricane Katrina
9/5/05	Gasoline	\$ 131.75	Stinson Petroleum	Hurricane Katrina
9/5/05	Terminal	\$ 5.17	Universal Auto Parts	Hurricane Katrina
9/5/05	U-Joint, Auto Tensioner	\$ 55.65	Universal Auto Parts	Hurricane Katrina
9/5/05	Rod	\$ 9.38	Universal Auto Parts	Hurricane Katrina
9/5/05	Washer & Rod	\$ 11.38	Universal Auto Parts	Hurricane Katrina
9/5/05	Nuts	\$ 4.00	Universal Auto Parts	Hurricane Katrina
9/5/05	Labor	\$ 1,310.00	Walters Septic & Backhoe	Hurricane Katrina
9/6/05	Labor	\$ 1,175.00	Walters Septic & Backhoe	Hurricane Katrina
9/6/05	Bleach, Bowls, Cups, etc.	\$ 160.39	Elkins Wholesale	Hurricane Katrina
9/6/05	Chain, Bar, Saw Chain, Fuel Line	\$ 74.89	Ellisville Auto Supply	Hurricane Katrina
9/6/05	Chain, Chain, U Joint	\$ 83.84	Ellisville Auto Supply	Hurricane Katrina
9/6/05	Saw, Oil	\$ 415.24	Ellisville Auto Supply	Hurricane Katrina
9/6/05	Solid Waste	\$ 172.10	Enviro Inc.	Hurricane Katrina
9/6/05	Solid Waste	\$ 44.28	Enviro Inc.	Hurricane Katrina
9/6/05	Solid Waste	\$ 36.96	Enviro Inc.	Hurricane Katrina
9/6/05	Drill Set	\$ 32.54	Laurel Machine & Foundry	Hurricane Katrina
9/6/05	3/4" Plate	\$ 187.90	Laurel Machine & Foundry	Hurricane Katrina
9/6/05	Nails, Black Polyethylene	\$ 318.93	Phillips Building Supply	Hurricane Katrina
9/6/05	Wafferboard	\$ 259.80	Phillips Building Supply	Hurricane Katrina
9/6/05	Electrical Supplies	\$ 229.53	Robinson Electric Supplies	Hurricane Katrina
9/6/05	Safety Glasses, Oil	\$ 71.30	Taylor Small Engines	Hurricane Katrina
9/6/05	Belt, Bulb	\$ 15.77	Universal Auto Parts	Hurricane Katrina
9/7/05	Cords & Labor to Install Program	\$ 320.00	Advanced Communicaiton	Hurricane Katrina
9/7/05	Paint	\$ 5.94	Alexander's	Hurricane Katrina
9/7/05	Tarp, Washers	\$ 80.76	Alexander's	Hurricane Katrina
9/7/05	Tarp	\$ 22.00	Chancellor's Farm Supply	Hurricane Katrina
9/7/05	Uncrushed Rap	\$ 664.43	Dunn Road Buildiers	Hurricane Katrina
9/7/05	Solid Waste	\$ 32.73	Enviro Inc.	Hurricane Katrina
9/7/05	Fender Washer	\$ 5.00	National Bolt & Screw	Hurricane Katrina
9/7/05	Tire Repair	\$ 6.50	Parker Brothers, Inc.	Hurricane Katrina
9/7/05	Windshield Install	\$ 350.00	Paul's Discount Glass	Hurricane Katrina
9/7/05	Pine, Screwdriver	\$ 22.31	Phillips Building Supply	Hurricane Katrina
9/7/05	Gasket	\$ 27.95	Puckett Machinery Construction	Hurricane Katrina
9/7/05	Control GP	\$ 231.98	Puckett Machinery Co.	Hurricane Katrina
9/7/05	Port-A-Jon Rental	\$ 750.00	Sanford's Plumbing, Inc.	Hurricane Katrina
9/7/05	Gasoline & Diesel	\$ 1,766.60	Stinson Petroleum	Hurricane Katrina
9/7/05	Tire	\$ 291.04	Superior Tire Service	Hurricane Katrina
9/7/05	Chain Saws	\$ 2,097.00	Taylor Small Engines	Hurricane Katrina

**JONES COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2005**

**Schedule 2 – Continued**

<b>Date</b>	<b>Item Purchased</b>	<b>Amount Paid</b>	<b>Vendor</b>	<b>Reason for Emergency Purchase</b>
9/7/05	Labor	\$ 685.00	Walters Septic & Backhoe	Hurricane Katrina
9/8/05	Labor	\$ 1,370.00	Walters Septic & Backhoe	Hurricane Katrina
9/8/05	Labor, Repair Phone Line	\$ 325.00	Advanced Communicaiton	Hurricane Katrina
9/8/05	Pry Bar	\$ 6.99	Alexander's	Hurricane Katrina
9/8/05	Diesel & Gasoline	\$ 35,169.55	American Foods, Inc.	Hurricane Katrina
9/8/05	Screws	\$ 15.00	City Salvage	Hurricane Katrina
9/8/05	Solid Waste	\$ 21.18	Enviro Inc.	Hurricane Katrina
9/8/05	Lens, Reflector, Bulbs	\$ 104.31	Mid-South Machinery Inc	Hurricane Katrina
9/8/05	Fluke 7-600 Meter	\$ 89.00	Stover Smith Electrical	Hurricane Katrina
9/8/05	Chains	\$ 40.00	Taylor Small Engines	Hurricane Katrina
9/9/05	Washers, PVC, Rope	\$ 37.75	Alexander's	Hurricane Katrina
9/9/05	Phone	\$ 279.99	B Communications	Hurricane Katrina
9/9/05	Paper Towels, Toilet Tissue, etc	\$ 140.02	Elkins Wholesale	Hurricane Katrina
9/9/05	Saw	\$ 409.99	Ellisville Auto Supply	Hurricane Katrina
9/9/05	Tube	\$ 249.76	Great Southern Tractor	Hurricane Katrina
9/9/05	Connector	\$ 20.10	Puckett Machinery Co.	Hurricane Katrina
9/9/05	Labor	\$ 4,680.00	Reeves Sanitary Service	Hurricane Katrina
9/9/05	Tow	\$ 150.00	Southern Recovery & Tow	Hurricane Katrina
9/10/05	Backhoe work	\$ 650.00	Freddie Ball	Hurricane Katrina
9/10/05	Chain Saw & Labor	\$ 500.00	Barry's Backhoe Service	Hurricane Katrina
9/10/05	Labor & Equipment	\$ 10,240.00	United Plumbing & Heating	Hurricane Katrina
9/11/05	Janitor Supplies	\$ 41.19	Walmart	Hurricane Katrina
9/12/05	Labor, Backhoe, Chain Saw	\$ 720.00	Hilton's Construction	Hurricane Katrina
9/12/05	Value, Bushings	\$ 90.60	Hughes, Inc	Hurricane Katrina
9/12/05	PVC Male Adapter	\$ 0.75	Alexander's	Hurricane Katrina
9/12/05	Test Clip	\$ 4.57	Carquest Auto Parts	Hurricane Katrina
9/12/05	Hacksaw Blade, PVC	\$ 5.57	Dixie Pump & Supply	Hurricane Katrina
9/12/05	Rental	\$ 1,300.00	Endom Welding & Trailers	Hurricane Katrina
9/12/05	Deliverty & Pick-up Fee	\$ 130.00	Endom Welding & Trailers	Hurricane Katrina
9/12/05	Files	\$ 10.50	Jones Sales & Service	Hurricane Katrina
9/12/05	Galv. Pipe	\$ 14.14	Laurel Machine & Foundry	Hurricane Katrina
9/12/05	Equipment Rental	\$ 1,977.50	Puckett Machinery Co.	Hurricane Katrina
9/12/05	Capacitors	\$ 30.00	Purdum Electric Company	Hurricane Katrina
9/12/05	Chains, Safety Glasses	\$ 61.95	Taylor Small Engines	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 13,650.00	Forestry Contractors	Hurricane Katrina
9/13/05	Generator Repair	\$ 307.23	Industrial Services of Laurel	Hurricane Katrina
9/13/05	Tractor Tire Repair	\$ 95.15	Laurel A-1 Tire Center	Hurricane Katrina
9/13/05	Phones, Chargers, Travel Kits	\$ 52,950.75	Motorola	Hurricane Katrina
9/13/05	Badges	\$ 36.72	Office products Center	Hurricane Katrina
9/13/05	Equipment Rental	\$ 5,763.00	Puckett Machinery Co	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 5,362.50	Royal Run Farms	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 720.00	Tim Parker Const.	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 4,450.00	Tim Parker Const.	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 5,117.50	Tim Parker Const.	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 4,895.00	Tim Parker Const.	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 4,450.00	Tim Parker Const.	Hurricane Katrina
9/13/05	Labor & Equipment	\$ 3,560.00	Tim Parker Const.	Hurricane Katrina
9/14/05	Tire Mount, Stem, Tire Repair	\$ 211.99	Laurel A-1 Tire Center	Hurricane Katrina
9/14/05	Repair Trackhoe	\$ 3,866.00	Puckett Machinery Co.	Hurricane Katrina
9/14/05	Sharpen Chains, Files	\$ 14.50	Taylor Small Engines	Hurricane Katrina
9/14/05	2 Saws, Micing Oil, Wrench	\$ 1,288.80	Taylor Small Engines	Hurricane Katrina
9/14/05	Labor & Equipment	\$ 41,433.88	Wade Services, Inc	Hurricane Katrina
9/14/05	Labor & Equipment	\$ 2,952.50	Walters Construction Co.	Hurricane Katrina
9/15/05	Fuel	\$ 25,798.53	Burns & Burns(Texaco Food Mart)	Hurricane Katrina
9/15/05	Fuel	\$ 13,464.92	Burns & Burns(Texaco Food Mart)	Hurricane Katrina
9/15/05	Repair to Dump Truck	\$ 1,580.27	Endom Welding & Trailers	Hurricane Katrina

**JONES COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2005**

**Schedule 2 – Continued**

<b>Data</b>	<b>Item Purchased</b>	<b>Amount Paid</b>	<b>Vendor</b>	<b>Reason for Emergency Purchase</b>
9/15/05	Labor	\$ 240.00	Gene Eddy Electric	Hurricane Katrina
9/15/05	Nails, Black Polyethelyne	\$ 20.99	Phillips Building Supply	Hurricane Katrina
9/15/05	Labor	\$ 840.00	Reeves Sanitary Service	Hurricane Katrina
9/15/05	Chains	\$ 70.00	Taylor Small Engines	Hurricane Katrina
9/16/05	Propane Gas	\$ 425.00	Blossman	Hurricane Katrina
9/16/05	40 X 100 Poly	\$ 145.99	City Salvage	Hurricane Katrina
9/16/05	Hy Gearbox	\$ 4,249.77	Hol-Mac Corp	Hurricane Katrina
9/16/05	Gasoline & Diesel	\$ 1,101.60	Laurel Oil LLC	Hurricane Katrina
9/16/05	Gasoline	\$ 6,648.02	Laurel Oil LLC	Hurricane Katrina
9/16/05	Nuts, Bolts, Screws, Washers	\$ 6.94	Phillips Building Supply	Hurricane Katrina
9/16/05	Blankets Cleaned	\$ 55.50	Riser Cleaners	Hurricane Katrina
9/16/05	Blankets Cleaned	\$ 33.30	Riser Cleaners	Hurricane Katrina
9/16/05	Blankets Cleaned	\$ 55.50	Riser Cleaners	Hurricane Katrina
9/16/05	Blankets Cleaned	\$ 55.50	Riser Cleaners	Hurricane Katrina
9/16/05	Chains	\$ 55.00	Taylor Small Engines	Hurricane Katrina
9/16/05	Supplies, Cans, Chains,	\$ 652.18	Universal Auto Parts	Hurricane Katrina
9/17/05	Rental Repair	\$ 1,411.09	Puckett Machinery Co	Hurricane Katrina
9/19/05	Wire, Drill Bit, Masonry	\$ 22.08	Alexander's	Hurricane Katrina
9/19/05	Solid Waste	\$ 13.09	Enviro Inc.	Hurricane Katrina
9/19/05	Solid Waste	\$ 8.00	Enviro Inc.	Hurricane Katrina
9/19/05	Rent for Portable Toilets	\$ 3,400.00	Reeves Sanitary Service	Hurricane Katrina
9/19/05	Electrical Supplies	\$ 165.48	Robinson Electric Supplies	Hurricane Katrina
9/20/05	Propane Gas	\$ 981.49	Blossman	Hurricane Katrina
9/20/05	Battery, Brake Cleaner	\$ 97.31	Carquest Auto Parts	Hurricane Katrina
9/20/05	Solid Waste	\$ 8.00	Enviro Inc.	Hurricane Katrina
9/20/05	Plug Tire	\$ 10.00	Laurel A-1 Tire Center	Hurricane Katrina
9/21/05	Propane Gas	\$ 977.50	Blossman	Hurricane Katrina
9/22/05	Gell Cell Batteries	\$ 795.00	John Garruto	Hurricane Katrina
9/22/05	Tube	\$ 69.93	McNeil Tractor & Equipment	Hurricane Katrina
9/22/05	Wenches, Chains	\$ 57.35	Taylor Small Engines	Hurricane Katrina
9/23/05	Solid Waste	\$ 15.78	Enviro Inc.	Hurricane Katrina
9/23/05	Parts	\$ 73.35	Power Mfg. Co., Inc.	Hurricane Katrina
9/23/05	Labor, Equipment, Materials	\$ 1,500.00	Royal Run Farms	Hurricane Katrina
9/26/05	Parts	\$ 915.62	Great Southern Tractor	Hurricane Katrina
9/26/05	Blankets Cleaned	\$ 44.40	Riser Cleaners	Hurricane Katrina
9/26/05	Blankets Cleaned	\$ 55.50	Riser Cleaners	Hurricane Katrina
9/26/05	Blankets Cleaned	\$ 55.50	Riser Cleaners	Hurricane Katrina
9/26/05	Blankets Cleaned	\$ 55.50	Riser Cleaners	Hurricane Katrina
9/27/05	Solid Waste	\$ 14.63	Enviro Inc.	Hurricane Katrina
9/27/05	Repair to Machine	\$ 1,379.40	Great Southern Tractor	Hurricane Katrina
9/27/05	Needle, Strings	\$ 40.19	Universal Auto Parts	Hurricane Katrina
9/28/05	Roofing Supplies	\$ 1,184.66	City Salvage	Hurricane Katrina
9/28/05	Wire Rope, Hooks	\$ 376.50	Hercules Wire Rope & Sling Co	Hurricane Katrina
9/28/05	Labor, Equipment, Materials	\$ 354.34	Royal Run Farms	Hurricane Katrina
9/28/05	Bar, Safety Glasses	\$ 52.45	Taylor Small Engines	Hurricane Katrina
9/29/05	Labor, Repair Phone Line	\$ 600.00	Advanced Communications	Hurricane Katrina
9/29/05	Saws, Oil	\$ 1,957.90	Ellisville Auto Supply	Hurricane Katrina
9/29/05	Wire Hose w/fittings	\$ 272.40	R & W Hydraulics, Inc	Hurricane Katrina
9/29/05	Saws	\$ 2,969.80	Ellisville Auto Supply	Hurricane Katrina
9/29/05	Saws, Oil, Chains	\$ 727.82	Ellisville Auto Supply	Hurricane Katrina
9/29/05	Saws, Chains	\$ 1,339.88	Ellisville Auto Supply	Hurricane Katrina
9/29/05	Electrical Supplies	\$ 195.99	Robinson Electric Supplies	Hurricane Katrina
9/30/05	Propane Gas	\$ 1,006.83	Blossman	Hurricane Katrina
9/30/05	Solid Waste	\$ 15.40	Enviro Inc.	Hurricane Katrina
9/30/05	Solid Waste	\$ 8.00	Enviro Inc.	Hurricane Katrina
9/30/05	Parts	\$ 479.24	Great Southern Tractor	Hurricane Katrina

**JONES COUNTY**  
**Schedule of Emergency Purchases**  
**For the Year Ended September 30, 2005**

**Schedule 2 – Continued**

<b>Date</b>	<b>Item Purchased</b>	<b>Amount Paid</b>	<b>Vendor</b>	<b>Reason for Emergency Purchase</b>
9/30/05	Fuel	\$ 240.00	Herring Gas Company, Inc.	Hurricane Katrina
9/30/05	Gasoline & Diesel	\$ 5,058.29	Laurel Oil LLC	Hurricane Katrina
9/30/05	Repair to Equipment	\$ 979.31	Puckett Machinery Co.	Hurricane Katrina
9/30/05	Labor	\$ 13,278.50	7-H Enterprises, Inc	Hurricane Katrina

**JONES COUNTY**  
**Schedule of Purchases Made Noncompetitively From a Sole Source**  
**For the Year Ended September 30, 2005**

**Schedule 3**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
02/07/05	Justice system software	\$ 53,150	PTS Solutions

JONES COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JONES COUNTY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2005**

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

***Financial Statements:***

- |  |             |
|--|-------------|
| 1. Type of auditor's report issued on primary government financial statements:         | Unqualified |
| 2. Internal control over financial reporting:  |             |
| a. Material weakness identified?   | No          |
| b. Reportable conditions identified that are not considered to be material weaknesses? | No          |
| 3. Noncompliance material to the primary government financial statements?              | No          |

***Federal Awards:***

- |   |             |
|---|-------------|
| 4. Internal control over major programs:  |             |
| a. Material weaknesses identified?  | No          |
| b. Reportable conditions identified that are not considered to be material weaknesses?  | No          |
| 5. Type of auditor's report issued on compliance for major federal programs:  | Unqualified |
| 6. Any audit finding(s) reported as required by Section ____ .510(a) of Circular A-133?   | No          |
| 7. Federal programs identified as major programs:   |             |
| Public Assistance Grants, CFDA No. 97.036   |             |
| 8. The dollar threshold used to distinguish between type A and type B programs:   | \$300,000   |
| 9. Auditee qualified as a low-risk auditee?   | No          |
| 10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? | No          |

**Section 2: Financial Statement Findings**

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

**Section 3: Federal Award Findings and Questioned Costs**

The results of my tests did not disclose any findings and questioned costs related to federal awards.

**LIMITED INTERNAL CONTROL AND COMPLIANCE  
REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Jones County, Mississippi

In planning and performing my audit of the financial statements of Jones County, Mississippi, for the year ended September 30, 2005, I considered Jones County, Mississippi's internal control to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for audit areas not considered material to Jones County, Mississippi's financial reporting, I 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. My 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, I do not express such an opinion. This report does not affect my report dated June 29, 2006, on the financial statements of Jones County, Mississippi.

These review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, my 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 my review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. My finding and recommendation and your response is disclosed below:

Board of Supervisors.

1. Finding

Section 49-19-23, Miss. Code Ann. (1972), requires the county to disburse fifty percent (50%) of national forest distributions to the public school district. However, during the current year, the county received such funds but disbursed an incorrect amount to the school district. The amount still owed to the school district totals \$57,409.

Recommendation

The Board of Supervisors should pay the school district its portion and ensure that such funds are disbursed in a timely manner in the future.

Board of Supervisors' Response

We will comply with this recommendation.

2. Finding

The county has interfund loans outstanding that are over a year old. These interfund loans total \$807,053 as of September 30, 2005. \$147,053 of these interfund loans were for indirect costs associated with garbage collection and the balance of the \$807,053 of interfund loans was for operating expenses. The Mississippi Code is silent regarding the authority of the county to make these loans and failure to repay these loans constitutes a diversion of legally restricted funds.

Recommendation

The Board of Supervisors should ensure that the old loans are repaid as soon as practical.

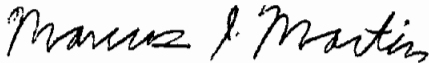
Response

We have complied or will comply with this recommendation.

Auditor's Note

Currently \$424,320 of the above amount has been repaid.

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



MARCUS J. MARTIN  
Certified Public Accountant  
June 29, 2006