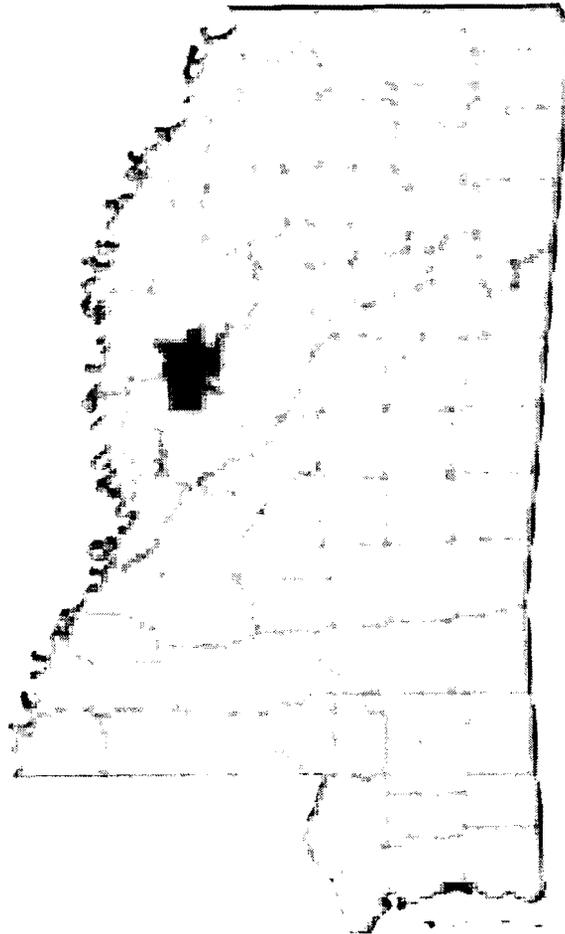




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HUMPHREYS COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013



Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

HUMPHREYS COUNTY

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HUMPHREYS COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Humphreys County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Humphreys County Library, a component unit, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 8 to the financial statements, the county has not recorded a liability for other postemployment benefits in the governmental activities, and accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of Humphreys County, Mississippi, as of September 30, 2013, and the change in the financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of September 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, and the Schedule of Funding Progress-Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of Humphreys County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering Humphreys County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 9, 2014

HUMPHREYS COUNTY

FINANCIAL STATEMENTS

Humphreys County
Statement of Net Position
September 30, 2013

Exhibit 1

	Primary Government Governmental Activities	Component Unit Humphreys County Library
ASSETS		
Cash	\$ 2,807,735	171,699
Cash - restricted		6,065
Property tax receivable	4,857,825	
Accounts receivable, (net of allowance for uncollectibles of \$2,175,839)	47,167	6,235
Fines receivable, (net of allowance for uncollectibles of \$281,772)	20,481	
Intergovernmental receivables	26,192	
Other receivables	6,955	
Deferred debt issuance cost	16,919	
Capital assets:		
Land and construction in progress	3,242,750	
Other capital assets, net	26,668,658	8,212
Total Assets	\$ 37,694,682	192,212
LIABILITIES		
Claims payable	67,446	5,380
Claims and judgments payable	69,057	
Intergovernmental payables	488,552	
Accrued interest payable	37,227	
Deferred revenue	4,857,825	
Other payables	40,281	
Long-term liabilities		
Due within one year:		
Capital debt	524,661	
Non-capital debt	1,289,983	
Due in more than one year:		
Capital debt	2,112,252	
Non-capital debt	129,210	
Total Liabilities	9,616,494	5,380
NET POSITION		
Net investment in capital assets	27,274,495	8,212
Restricted:		
Expendable:		
General government	422	
Debt service	472,418	
Public safety	394,388	
Public works	606,138	
Unemployment compensation		6,065
Unrestricted	(669,673)	172,555
Total Net Position	\$ 28,078,188	186,832

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

Humphreys County
Statement of Activities
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units Humphreys County Library
Primary government:						
Governmental activities:						
General government	\$ 2,894,071	281,506			(2,612,565)	
Public safety	1,508,745	150,014	124,128		(1,234,603)	
Public works	2,698,608	156,260	561,997	3,221,305	1,240,954	
Health and welfare	517,351		37,794		(479,557)	
Culture and recreation	60,121				(60,121)	
Conservation of natural resources	149,679				(149,679)	
Economic development and assistance	27,225				(27,225)	
Interest on long-term debt	119,193				(119,193)	
Total Governmental Activities	<u>\$ 7,974,993</u>	<u>587,780</u>	<u>723,919</u>	<u>3,221,305</u>	<u>(3,441,989)</u>	
Component Units:						
Humphreys County Library	<u>136,272</u>	<u>9,163</u>	<u>59,348</u>			<u>(67,761)</u>
General revenues:						
Property taxes				\$ 5,990,375		
Road & bridge privilege taxes				88,561		
Grants and contributions not restricted to specific programs				210,844	58,000	
Unrestricted investment income				12,318	80	
Miscellaneous				360,513	126	
Total General Revenues				<u>6,662,611</u>	<u>58,206</u>	
Changes in Net Position				<u>3,220,622</u>	<u>(9,555)</u>	
Net Position - Beginning				24,924,504	198,887	
Prior period adjustments				(66,938)	(2,500)	
Net Position - Beginning, as restated				<u>24,857,566</u>	<u>196,387</u>	
Net Position - Ending				<u>\$ 28,078,188</u>	<u>186,832</u>	

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

Humphreys County
 Balance Sheet - Governmental Funds
 September 30, 2013

Exhibit 3

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,333,783	1,473,952	2,807,735
Property tax receivable	3,142,630	1,715,195	4,857,825
Accounts receivable (net of allowance for uncollectibles of \$2,175,839)		47,167	47,167
Fines receivable (net of allowance for uncollectibles of \$281,772)	20,481		20,481
Intergovernmental receivables	26,192		26,192
Due from other funds		24,060	24,060
Other receivables	6,955		6,955
	<u>4,530,041</u>	<u>3,260,374</u>	<u>7,790,415</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	15,941	51,505	67,446
Claims and judgments payable	69,057		69,057
Intergovernmental payables	488,552		488,552
Due to other funds	24,060		24,060
Deferred revenue	3,163,111	1,762,362	4,925,473
Other payables	40,281		40,281
Total Liabilities	<u>3,801,002</u>	<u>1,813,867</u>	<u>5,614,869</u>
Fund balances:			
Restricted for:			
General government		422	422
Public safety		394,388	394,388
Public works		558,971	558,971
Debt Service		492,726	492,726
Unassigned	729,039		729,039
Total Fund Balances	<u>729,039</u>	<u>1,446,507</u>	<u>2,175,546</u>
Total Liabilities and Fund Balances	\$ <u>4,530,041</u>	<u>3,260,374</u>	<u>7,790,415</u>

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

Humphreys County
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2013

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 2,175,546
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$44,130,527.	29,911,408
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	67,648
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,056,106)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(37,227)
Deferred charges - bond issuance costs	<u>16,919</u>
Total Net Position - Governmental Activities	<u>\$ 28,078,188</u>

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

Humphreys County
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2013

Exhibit 4

	<u>Major Funds</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 3,967,722	2,022,653	5,990,375
Road and bridge privilege taxes		88,561	88,561
Licenses, commissions and other revenue	134,102	5,093	139,195
Fines and forfeitures	184,489	36	184,525
Intergovernmental revenues	272,400	3,883,668	4,156,068
Charges for services	19,720	264,516	284,236
Interest income	6,982	5,336	12,318
Miscellaneous revenues	120,574	132,686	253,260
Total Revenues	<u>4,705,989</u>	<u>6,402,549</u>	<u>11,108,538</u>
EXPENDITURES			
General government	2,860,437	6,445	2,866,882
Public safety	1,310,334	10,464	1,320,798
Public works	3,900	5,598,964	5,602,864
Health and welfare	465,504		465,504
Culture and recreation	49,500		49,500
Conservation of natural resources	149,679		149,679
Economic development and assistance	27,225		27,225
Debt service:			
Principal	46,254	1,375,728	1,421,982
Interest	8,589	131,954	140,543
Total Expenditures	<u>4,921,422</u>	<u>7,123,555</u>	<u>12,044,977</u>
Excess of Revenues over (under) Expenditures	<u>(215,433)</u>	<u>(721,006)</u>	<u>(936,439)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	1,950,000		1,950,000
Proceeds from sale of capital assets	11,130	111,616	122,746
Transfers in	43,516	1,813,998	1,857,514
Transfers out	(1,813,998)	(43,516)	(1,857,514)
Total Other Financing Sources and Uses	<u>190,648</u>	<u>1,882,098</u>	<u>2,072,746</u>
Net Changes in Fund Balances	(24,785)	1,161,092	1,136,307
Fund Balances - Beginning	<u>753,824</u>	<u>285,415</u>	<u>1,039,239</u>
Fund Balances - Ending	<u>\$ 729,039</u>	<u>1,446,507</u>	<u>2,175,546</u>

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

Humphreys 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, 2013

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,136,307
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,374,413 exceeded depreciation of \$742,246 in the current period.	2,632,167
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$107,253 and the proceeds from the sale of \$122,746 in the current period.	(15,493)
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.	(996)
Solid waste 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.	(19,180)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$1,950,000 exceeded debt repayments of \$1,421,982.	(528,018)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting, when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:	
Interest payable	21,350
Compensated absences	(3,208)
Amortization of deferred debt issuance costs	(2,307)
Change in Net Position of Governmental Activities	<u>\$ 3,220,622</u>

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

Humphreys County
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>247,493</u>
Total Assets	<u>247,493</u>
LIABILITIES	
Intergovernmental payables	<u>247,493</u>
Total Liabilities	\$ <u>247,493</u>

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

Humphreys 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 Humphreys County to present these financial statements on the primary government and its component units which has a significant operational or financial relationship with the county.

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the county. They are reported in a separate column to emphasize that it is legally separate from the county. All members of the governing bodies of these component units are appointed by the county Board of Supervisors.

The Humphreys County Library is a public library designed to promote and develop adequate library services throughout Humphreys County that meet the general and specialized needs of the citizens of the county. The Board of Supervisors of Humphreys County appoints the five members of the library's Board of Trustees.

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the county as a whole. The statements include all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. The primary government is

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities 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. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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 Fund:

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, 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 market value. However, the county did not invest in any governmental securities during the year.

G. Receivables.

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

H. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extents to which capital assets, other than infrastructure, 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.

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. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

J. Long-term liabilities.

Long-term liabilities are the un-matured 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, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

K. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

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

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

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

L. Property Tax Revenues.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

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

M. Intergovernmental Revenues in Governmental Funds.

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

N. Compensated Absences.

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

NOTE (2) PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities:

Explanation	Amount
To adjust prior year capital assets.	\$(30,904)
To adjust prior year capital debt.	(36,034)
Total prior period adjustment(s)	\$(66,938)

NOTE (3) DEPOSITS.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2013, was \$3,055,228 and the bank balance was \$3,349,090. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial

**HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

NOTE (4) INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2013:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
Other governmental funds	General fund	\$24,060
Total		\$24,060

The receivables represent tax revenue collected but not settled until October 2013. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out

Transfer In	Transfer Out	Amount
General fund	Other governmental funds	\$ 43,516
Other governmental funds	General fund	1,813,998
Total		\$1,857,514

Interfund transfers were to provide funds for daily operations. All interfund transfers were routine and consistent with activities of the funds making the transfers.

NOTE (5) INTERGOVERNMENTAL RECEIVABLES.

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

Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$26,192
Total	\$26,192

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE (6) CAPITAL ASSETS.

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

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
Non-depreciable capital assets:					
Land	\$ 190,513				190,513
Construction in progress		3,052,237			3,052,237
Total Non-depreciable capital assets	190,513	3,052,237	0	0	3,242,750
Depreciable capital assets:					
Infrastructure	58,544,364	121,566			58,665,930
Buildings	5,538,078			(48,667)	5,489,411
Improvements other than buildings	1,567,103				1,567,103
Mobile equipment	3,023,207	175,610	207,555	(65,803)	2,925,459
Furniture and equipment	1,106,928	25,000			1,131,928
Leased property under capital leases	1,019,354				0
Total depreciable capital assets	70,799,034	322,176	207,555	(114,470)	70,799,185
Less accumulated depreciation for:					
Infrastructure	38,285,285	201,310			38,486,595
Buildings	1,762,842	90,688		(1,711)	1,851,819
Improvements other than buildings	262,591	62,684			325,275
Mobile equipment	2,268,769	159,373	192,062	(81,855)	2,154,225
Furniture and equipment	772,948	116,273			889,221
Leased property under capital leases	311,474	111,918			423,392
Total accumulated depreciation	43,663,909	742,246	192,062	(83,566)	44,130,527
Total depreciable capital assets, net	27,135,125	(420,070)	15,493	(30,904)	26,668,658
Governmental activities capital assets, net	\$ 27,325,638	2,632,167	15,493	(30,904)	29,911,408

* Adjustments made are to correct errors in the prior period.

Depreciation expense was charged to the following functions:

Governmental Activities:	
General Government	24,654
Public Safety	185,924
Public Works	469,200
Health and Welfare	51,847
Culture & Recreation	10,621
Total governmental activities depreciation expense	742,246

HUMPHREYS COUNTY, MISSISSIPPI
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September 30, 2013

Humphreys County Library System - Component Unit

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

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
Depreciable capital assets:					
Library collection (books, periodicals, audio visual and microfilm)	\$ 353,062	3,025	8,840		347,247
Total depreciable capital assets	353,062	3,025	8,840	0	347,247
Less accumulated depreciation for:					
Library collection (books, periodicals, audio visual and microfilm)	340,751	7,124	8,840		339,035
Total accumulated depreciation	340,751	7,124	8,840	0	339,035
Total capital assets being depreciated - net	12,311	(4,099)	0	0	8,212
Governmental activities capital assets, net	\$ 12,311	(4,099)	0	0	8,212

NOTE (7) 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 \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county finances 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. The pool is a claims-serving 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 has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage

**HUMPHREYS COUNTY, MISSISSIPPI
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begins when an individual participant's claim exceeds \$50,000. 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. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal years 2012 and 2013:

	2012	2013
Unpaid Claims, Beginning of Fiscal Year	\$ (23,138)	\$ 44,597
Plus: Incurred Claims (Including IBNRs)	625,117	716,570
Less: Claims payments	(557,382)	(830,224)
Unpaid Claims, End of Fiscal Year	\$ 44,597	\$ (69,057)

NOTE (8)

OTHER POSTEMPLOYMENT BENEFITS.

The Humphreys County Board of Supervisors administers the county's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The county's health insurance plan may be amended by the Humphreys County Board of Supervisors. The county finances its exposure risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk 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. The county has reinsurance which functions on a specific stop loss coverage of \$50,000. After which, the county purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the county's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement No. 45 as a single employer defined benefit health care plan. The county does not issue a publicly available financial report for the Plan. However, the county has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

**HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

NOTE (9) CAPITAL LEASES.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,019,354
Less: Depreciation	<u>(423,392)</u>
Leased Property Under Capital Leases	<u>\$ 595,962</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 146,418	6,757
2015	60,830	3,099
2016	124,070	2,093
Total	<u>\$ 331,318</u>	<u>11,949</u>

NOTE (10) LONG TERM DEBT.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds			
2006 GO Refunding Bonds	\$ 190,000	4.8	06-16
2006 GO Refunding Bonds	870,000	4.0	05-17
2010 GO Bond Cap. Improvements	835,000	3.8	5-20
Total General Obligation Bonds	<u>\$ 1,895,000</u>		
B. Capital Leases:			
Case 580M Backhoe	\$ 9,444	5.91	05-14
IBM Computer	22,260	3.41	11-15
Sheriff office vehicles	37,229	2.59	11-14
JD 310J Backhoe	16,823	3.41	11-14
Volvo G930 Motor grader	43,178	3.45	12-14
2012 Volvo Motor grader	151,428	1.96	08-16
(2) CAT Motor graders	50,956	3.4	04-15
Total Capital Leases	<u>\$ 331,318</u>		

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

C. Other Loans:

Shortfall Note	\$	182,161	2.44	06-15
Health Complex		381,921	4.75	12-29
Tax Anticipation Note		1,200,000	1.76	04-14
Kubota		28,674	3.75	04-17
 Total Other Loans	 \$	 <u>1,792,756</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2014	\$ 355,000	75,535	1,313,226	33,003
2015	370,000	61,035	116,395	18,471
2016	385,000	45,905	25,232	15,227
2017	335,000	30,185	22,615	14,214
2018	105,000	16,985	18,519	13,400
2019-2023	345,000	30,930	105,483	54,482
2024-2028			130,666	30,017
2029-2032			60,620	3,891
 Total	 \$ 1,895,000	 260,575	 1,792,756	 182,705

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 last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to 5.10% of the latest property assessments.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

	Balance 10-01-12	Additions	Reductions	Adjustments	Balance 09-30-13	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 33,824	3,208			37,032	0
Other loans	672,363	1,950,000	865,641	36,034	1,792,756	1,313,226
General obligation bonds	2,305,000		410,000		1,895,000	355,000
Capital leases	477,659		146,341		331,318	146,418
Total	\$ 3,488,846	1,953,208	1,421,982	36,034	4,056,106	1,814,644

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Maintenance District Funds, Garbage and Solid Waste Fund, and E-911 Fund.

NOTE (11) DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

The following funds reported a deficit in fund balance at September 30, 2013:

	<u>Deficit Amount</u>
District 1 Bridge & Culvert	\$ 3,634
District 3 Bridge & Culvert	7,547
District 5 Bridge & Culvert	8,322

NOTE (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.

NOTE (13) JOINT VENTURE.

The county participates in the following joint venture:

The North Central Task Force consists of Carroll, Claiborne, Grenada, Holmes, Humphreys, Leflore, Quitman and Tunica Counties and the Cities of Itta Bena and Port Gibson. It is a multi-jurisdictional drug enforcement task force established to provide more widespread apprehension and possession of violators. The county appropriated \$12,000 for its support in fiscal year 2013.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

NOTE (14) JOINTLY GOVERNED ORGANIZATIONS.

The county participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Humphreys Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$109,904 for the support and maintenance of the college in fiscal year 2013.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Humphreys County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$28,496 to the entity in the fiscal year 2013.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints one of the 22 members of the district board of directors. The county appropriated \$2,058 for the support of the district in fiscal year 2013.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Humphreys County Board of Supervisors appoints one of the 21 members of the board of commissioners. The county appropriated \$38,361 to the district in fiscal year 2013.

NOTE (15) DEFINED BENEFIT PENSION PLAN.

Plan Description - Humphreys County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1055 or by calling 1-800-444-PERS.

Funding Policy - At September 30, 2013, PERS members are required to contribute 9.0% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% 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) for the years ending September 30, 2013, 2012 and 2011 were \$340,549, \$310,127, and \$272,422, respectively, equal to the required contributions for each year.

NOTE (16) SUBSEQUENT EVENTS.

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of

**HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of Humphreys County evaluated the activity of the County through December 9, 2014 (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements:

Willow Bend Estates, LLC and Woodyard Gardens, LLC filed Petitions for Appeal and Reduction in Tax Assessments in the Circuit Court of Humphreys County, Mississippi cause Nos. 2006-0120 and 2007-0157. Trial court judgment in these cases were held in favor of the county but were appealed by the property owners to the Mississippi Supreme Court styled Willow Bend Estates, LLC, et al v. Humphrey County Board of Supervisors, et al Supreme Court No. 2012-IA-00575-SCT. The Mississippi Supreme Court on October 17, 2013 rendered judgment in said case and directed assessment in the manner argued by the property owners, and further directed refund of ad valorem taxes previously collected for all tax years since 2006. Other tax years include 2007, 2008, 2009, 2010, 2011, and 2012. The amount of ad valorem taxes in dispute are approximately \$986,072 for the above tax years. The County is finalizing the amounts payable and formulating plans to address refund of the ad valorem taxes.

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
04/15/14	2.10-3.00%	1,200,000	General Obligation Bonds	Ad Valorem Taxes

HUMPHREYS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,122,000	3,967,722	3,967,722	0
Licenses, commissions and other revenue	124,500	118,840	118,840	0
Fines and forfeitures	126,000	182,821	182,821	0
Intergovernmental revenues	397,500	355,997	355,997	0
Charges for services	50,000	19,720	19,720	0
Interest income	1,000	6,988	6,988	0
Miscellaneous revenues	266,000	117,159	117,159	0
Total Revenues	<u>4,087,000</u>	<u>4,769,247</u>	<u>4,769,247</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,988,800	3,376,526	3,376,526	0
Public safety	1,052,800	1,365,160	1,365,160	0
Public works		3,900	3,900	0
Health and welfare	284,100	298,749	298,749	0
Culture and recreation	42,000	42,500	42,500	0
Conservation of natural resources	164,150	154,211	154,211	0
Economic development and assistance	31,400	2,225	2,225	0
Debt Service	10,000	47,977	47,977	0
Total Expenditures	<u>4,573,250</u>	<u>5,291,248</u>	<u>5,291,248</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(486,250)</u>	<u>(522,001)</u>	<u>(522,001)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	0	956,700	956,700	0
Other financing uses	0	(1,748,232)	(1,748,232)	0
Total Other Financing Sources and Uses	<u>0</u>	<u>(791,532)</u>	<u>(791,532)</u>	<u>0</u>
Net Change in Fund Balance	(486,250)	(1,313,533)	(1,313,533)	0
Fund Balance - Beginning	<u>(2,045,658)</u>	552,753	552,753	0
Fund Balance - Ending	<u>\$ (2,531,908)</u>	<u>(760,780)</u>	<u>(760,780)</u>	<u>0</u>

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2013

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

	<u>General Fund</u>
Budget (Cash Basis)	\$ (1,313,533)
Increase (Decrease)	
Net adjustments for revenue accruals	1,244,381
Net adjustments for expenditure accruals	44,367

GAAP Basis	\$ <u>(24,785)</u>

HUMPHREYS COUNTY

OTHER INFORMATION

Humphreys County
 Schedule of Surety Bonds for County Officials (Unaudited)
 For the Year Ended September 30, 2013

Department	Position	Surety Company	Amount
Board of Supervisors			
Claven Jones- Beat 1	Supervisor District 1	Western Surety	100,000
R. D. Stevens - Beat 2	Supervisor District 2	Western Surety	100,000
Willie F. Brown - Beat 3	Supervisor District 3	Western Surety	100,000
Jerry Wood - Beat 4	Supervisor District 4	Western Surety	100,000
Roy Broomfield - Beat 5	Supervisor District 5	CNA Surety	100,000
Thomas L. Goodwin	County Administrator	Western Surety	100,000
Lawrence Browder	Chancery Clerk	Western Surety	200,000
Shavon Ellis	Chancery Deputy Clerk	Western Surety	10,000
Mary Norris	Chancery Deputy Clerk	Western Surety	50,000
Timaka James Jones	Circuit Clerk	Western Surety	100,000
Sharon Neal - Deputy	Circuit Deputy Clerk	Western Surety	50,000
Vernetta Washington	Circuit Deputy Clerk	Western Surety	50,000
Lawrence Browder	Purchase Clerk	Western Surety	75,000
Mary Norris - Assistant Clerk	Asst. Purchase Clerk	Western Surety	25,000
Calvin Ball	Receiving Clerk	Western Surety	75,000
Gail F. Hood	Asst. Receiving Clerk	Travelers	50,000
Latoya Smith	Inventory Control Clerk	Travelers	75,000
J. D. Roseman	Sheriff	Western Surety	100,000
Marty Hardin	Constable - North	Travelers	25,000
Andrew Dent	Constable - South	Travelers	25,000
Sandra Overton	Justice Court Clerk	Travelers	50,000
Marva Gibson	Justice Court Clerk	Travelers	50,000
Akeitha L. Smith	Justice Court Clerk	Travelers	50,000
Mary Norris-Hart	Justice Court Judge	Western Surety	50,000
Shirley Brown Cummings	Justice Court Judge	Western Surety	50,000
Margaret Parks	Tax Collector/Assessor	Western Surety	100,000
Margaret Parks	Tax Collector/Assessor	Western Surety	10,000
Schardell Little	Tax Collector/Assessor- Deputy	Travelers	50,000
Doretha Ann Shanklin	Tax Collector/Assessor- Deputy	Travelers	50,000
Patricia Johnson	Tax Collector/Assessor- Deputy	Western Surety	50,000
Megan Parks	Tax Collector/Assessor- Deputy	Western Surety	50,000
Alicia Toler	Tax Collector/Assessor- Deputy	Western Surety	50,000

HUMPHREYS COUNTY

SPECIAL REPORTS



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Members of the Board of Supervisors
Humphreys County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 9, 2014. This report is qualified on the governmental activities because the county did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. We did not audit the financial statements of the Humphreys County Library, component units which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 13-1 and 13-2 to be material weaknesses.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Humphreys County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 9, 2014 within this document.

Humphreys County's Responses to Findings

Humphreys County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Humphreys County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 9, 2014



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

**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
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

Members of the Board of Supervisors
Humphreys County, Mississippi

We have examined Humphreys County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Humphreys County, Mississippi is responsible for County's the compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Humphreys County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Humphreys 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.

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 9, 2014

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

Schedule 1

Our test results did not identify any purchases not made from the lowest bidder.

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

Our test results did not identify any purchases made noncompetitively from a sole source.



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Humphreys County, Mississippi

In planning and performing our audit of the financial statements of Humphreys County, Mississippi for the year ended September 30, 2013, we considered Humphreys County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Humphreys County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 9, 2014, on the financial statements of Humphreys County, Mississippi.

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

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

Board of Supervisors

1. Finding

As reported in the prior five years' audit report, the Board of Supervisors must keep expenditures within the limits set by the budget. The amount approved to be expended for any item in the budget must not be exceeded. Expenditures exceeded the amounts budgeted in the Emergency Medical (Ambulance) Fund, Law Library Fund, Countywide Bond I & S Fund, District 2 Road Maintenance Fund, District 3 Bridge & Culvert Fund, and District 4 Bridge & Culvert Fund, and District 5 Bridge & Culvert Fund. The Board may amend the budget by entering the amendment on the minutes using only forms prescribed by the Office of the State Auditor as stated in the Mississippi County Financial Accounting Manual.

Recommendation

The Board of Supervisors should adhere to the prescribed methods by amending budgets or controlling expenditures to comply with budgetary guidelines.

Board of Supervisor's Response

The above recommendation will be implemented immediately.

2. Finding

As reported in prior audit reports, the county had deficit fund balances. These deficit fund balances existed in the District 1 Bridge & Culvert Fund (\$3,634), the District 3 Bridge & Culvert Fund (\$7,547), and the District 5 Bridge & Culvert Fund (\$8,322).

Recommendation

The Board of Supervisors should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.

Board of Supervisor's Response

The Board is working diligently to resolve the issue of the deficit fund balance in the funds referenced.

3. Finding

The solid waste fund bank statements had not been reconciled or settled to the county since July 2013.

Recommendation

In order to maintain accuracy in recording receipts and disbursements, bank accounts should be reconciled timely on a monthly basis and settled to the county as funds are due and payable.

Board of Supervisor's Response

The county will take steps necessary to assure solid waste bank statements are reconciled timely and settlements are made as funds are due and payable.

4. Finding

As reported in the prior three year's audit reports, interest earned on checking account monies is discretely allocated to funds which makeup the General County investment account.

Recommendation

Interest earned should be allocated to all funds that makeup the General County investment account based on its proportionate share of the account balance.

Board of Supervisor's Response

The Board will comply.

Chancery Clerk's Office

1. Finding

Title 9, Chapter 1, Section 43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 for the preceding calendar year. As reported in prior audit reports, the Chancery Clerk has exceeded the salary limitation. The Office of the State Auditor has determined that as of September 30, 2013 the following amounts remain due to the County for exceeding the salary cap:

YEAR		AMOUNT
2004	\$	31,194
2006		1,342
2008		17,082
2011		24,995
2012		14,302
2013		12,587
Total	\$	101,502

Recommendation

Amount in excess of the salary limitation should be paid to the county.

Chancery Clerk's Response

Payment for the 2013 year (\$12,587) was paid on September 9, 2014. Also, in September 2013 the Board of Supervisors accepted an agreement allowing the Chancery Clerk to pay \$1,000 a month until funds are recovered. Additional funds paid total \$11,000.

Circuit Clerk

1. Finding

Title 9, Chapter 1, Section 43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 for the preceding calendar year. As reported in prior audit reports, the Circuit Clerk has exceeded the salary limitation. As of September 30, 2013 the following amounts remain due to the County for exceeding the salary cap:

YEAR		AMOUNT
2006	\$	(1)
2008		10,456
2011		4,843
2012		3,910
2013		1,878
Total	\$	21,086

Recommendation

Amount in excess of the salary limitation should be paid to the county.

Circuit Clerk's Response

In July of 2014, the office of the state auditor made a demand for payment of the excess of the salary limitation (\$21,085.63) including interest (\$4,962.22) and recovery cost (\$1,463.20). These amounts were paid in August and October 2014.

Sheriff's Office

1. Finding

As reported in the prior years' audit report, bank account reconciliations are not being performed on a timely basis.

Recommendation

In order to maintain accuracy in recording receipts and disbursements, bank accounts should be reconciled monthly on a timely basis.

Sheriff's Response

We will reconcile accounts timely on a monthly basis.

2. Finding

An effective system of internal control should include timely settlement of funds collected. As reported in the prior four year's audit reports, monthly settlements were not made timely. Failure to perform timely settlements increases the possibility of loss or misappropriation of public funds.

Recommendation

The Sheriff should settle collections to the proper parties in a timely manner.

Sheriff's Response

We will settle fees on or before the end of the month following collection.

3. Finding

As reported in prior audits, Title 19, Chapter 25, Section 73(b), requires that the annual daily cost of feeding prisoners not exceed \$6 per day. The computation of meal cost per prisoner day resulted in a cost of \$9.52 per day.

Recommendation

The Sheriff should make necessary changes in food procurement and preparation in order to comply with the \$6 per day limit.

Sheriff's Response

Efforts will be made to comply with the \$6 per day food cost on feeding prisoners.

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

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 9, 2014

HUMPHREYS COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

HUMPHREYS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Qualified |
| Discretely presented component unit | Unmodified |
| General Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency - Material Weakness

13-1 Finding

As reported in the prior five years' audit reports, a critical aspect of effective financial management is the maintenance of accurate accounting records. Management does not have personnel that possess the necessary qualifications and training to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked the expertise to apply generally accepted accounting principles in recording the entity's financial transactions and adequate controls in place over the recording and reporting of financial records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Board of Supervisors' Response

The Board will establish adequate controls and procedures to ensure that financial transactions are recorded, presented, and disclosed in accordance with generally accepted accounting principles.

Significant Deficiency - Material Weakness

13-2 Finding

Humphreys County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the county's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions as a single employer defined benefit health care plan. GASB Statement No. 45 requires the county to report on an accrual basis the liability associated with other postemployment benefits. As reported in the prior two year's audit report, the county has not recorded a liability for other postemployment benefits, nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities. The county does not issue a publicly available financial report for their health insurance plan.

Recommendation

The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Board of Supervisors' Response

We believe that the cost of compliance with this statement out weighs the benefits, therefore, we will not have an actuarial valuation performed.