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**ADAMS COUNTY, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS,  
SUPPLEMENTAL INFORMATION AND  
AUDITORS' REPORTS ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING,  
COMPLIANCE AND OTHER MATTERS**

**YEAR ENDED SEPTEMBER 30, 2014**

**ADAMS COUNTY, MISSISSIPPI**

Annual Financial Statements  
As of and for the Year Ended September 30, 2014  
With Supplemental Information Schedules

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**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Adams County, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Adams County, Mississippi, as of and for the year ended September 30, 2014, 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 Natchez Regional Medical Center, a discretely presented component unit, (refer to the following paragraph titled "*Emphasis of Matter*"). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Basis for Modified Opinion on the Aggregate Discretely Presented Component Units***

The financial statements of the Natchez Regional Medical Center have not been audited, and we were not engaged to audit the Natchez Regional Medical Center financial statements as part of our audit of the County's basic financial statements. The Natchez Regional Medical Center financial statements were unavailable to include in the County's financial statements as a discretely presented component unit.

### ***Opinions***

In our opinion, except for the possible effects of the matter described in the "*Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units*" paragraph, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Adams County, Mississippi, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

The Natchez Regional Medical Center, a discretely presented component unit, was sold on September 30, 2014 due to bankruptcy. An audit was not performed and the financial statements are not available. This does not modify our opinion of the financial statements of Adams County, MS, taken as a whole.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams 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.

The Schedule of Expenditures of Federal Awards and the combining schedules of component units are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The combining schedules for component units are presented to provide additional analysis and are not a required part of the basic financial statements. The Schedule of Surety Bonds for County Officials is required by the State of Mississippi State Auditor's Office and is also not a required part of the basic financial statements.

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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2016, on our consideration of Adams 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 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 Adams County, Mississippi's internal control over financial reporting and compliance.

*The Hiller Group, PLLC*

Natchez, Mississippi  
January 31, 2016

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ADAMS COUNTY, MISSISSIPPI

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

STATEMENT A

	Primary Government Governmental Activities	"Unaudited" Component Unit
<b><u>ASSETS</u></b>		
Cash	\$ 2,806,108	\$ 247,160
Investments - restricted	726,814	-
Property tax receivable	12,485,978	-
Accounts receivable, net	58,185	787,696
Fines receivable, net	259,467	-
Loan receivable, net	2,287,000	-
Intergovernmental receivables	1,035,102	-
Other receivables	13,465	-
Prepaid expense	-	10,516
Inventories	-	62,387
Capital assets:		
Land	12,453,778	309,352
Other capital assets, net	46,896,295	11,665,771
Intangible assets	-	161,643
Less accumulated amortization	-	(58,465)
Total assets	<u>\$ 79,022,192</u>	<u>\$ 13,186,060</u>
<b><u>LIABILITIES</u></b>		
Claims payable	\$ 769,992	\$ 170,949
Claims and judgements payable	20,003	-
Intergovernmental payables	353,655	-
Accrued interest payable	194,281	-
Due to agency funds	7,859	26,651
Other payables - amounts held in custody	177,284	-
Long-term liabilities:		
Due within one year:		
Capital related liabilities	1,546,281	221,100
Noncapital liabilities	285,563	-
Due in more than one year:		
Capital related liabilities	16,109,901	2,084,932
Noncapital liabilities	1,449,017	-
Total liabilities	<u>\$ 20,913,836</u>	<u>\$ 2,503,632</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Property tax for future reporting period	\$ 12,540,667	\$ -
Total deferred inflows of resources	<u>\$ 12,540,667</u>	<u>\$ -</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	\$ 41,693,891	\$ 9,682,023
Restricted:		
Expendable:		
General government	232,888	-
Debt service	547,834	-
Public safety	985,193	-
Public works	505,748	-
Other purposes	29,625	-
Unrestricted	1,572,510	1,000,405
Total net position	<u>\$ 45,567,689</u>	<u>\$ 10,682,428</u>

ADAMS COUNTY, MISSISSIPPI

STATEMENT B

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	"Unaudited" Component Units
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 7,838,812	\$ 1,651,883	\$ 188,239	\$ 840,348	\$ (5,158,342)	
Public safety	7,225,471	466,693	691,121	894,845	(5,172,812)	
Public works	3,970,604	733,456	21,600	242,651	(2,972,897)	
Health and welfare	335,228	1,433,910	161,791	62,286	1,322,759	
Culture and recreation	8,056	-	-	-	(8,056)	
Education	617,407	-	-	-	(617,407)	
Conservation of natural resources	133,016	-	-	-	(133,016)	
Economic development and assistance	786,240	-	-	643,445	(142,795)	
Interest on long-term debt	1,342,907	-	-	-	(1,342,907)	
Total governmental activities	<u>\$ 22,257,741</u>	<u>\$ 4,285,942</u>	<u>\$ 1,062,751</u>	<u>\$ 2,683,575</u>	<u>\$ (14,225,473)</u>	
<b>Component Units:</b>						
Natchez-Adams County Port Commission	\$ 3,384,500	\$ 3,312,289	\$ -	\$ 359,659		\$ 287,448
Adams County Airport Commission	1,183,311	707,860	105,624	214,980		\$ (154,847)
Total component units	<u>\$ 4,567,811</u>	<u>\$ 4,020,149</u>	<u>\$ 105,624</u>	<u>\$ 574,639</u>		<u>\$ 132,601</u>
General revenues:						
Property taxes				\$ 12,216,423		-
Road and bridge privilege taxes				722,217		-
Grants and contributions not restricted to specific programs				2,978,109		-
Unrestricted investment income				60,655		351
Miscellaneous				235,896		-
Gain from sale of fixed assets				238,591		10,382
Total general revenues and transfers				<u>\$ 16,451,891</u>		<u>\$ 10,733</u>
Change in net position				<u>\$ 2,226,418</u>		<u>\$ 143,334</u>
Net position - beginning of year				\$ 43,341,271		\$ 10,536,238
Prior Period Adjustment				\$ -		\$ 2,856
Net position - beginning of year as restated				<u>\$ 43,341,271</u>		<u>\$ 10,539,094</u>
Net position - ending				<u>\$ 45,567,689</u>		<u>\$ 10,682,428</u>

**FUND FINANCIAL STATEMENTS**

ADAMS COUNTY, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	Major Funds			
	General Fund	County-wide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 828,544	\$ 306,091	\$ 1,502,212	\$ 2,636,847
Investments - restricted	-	-	726,814	726,814
Property tax receivable	9,488,819	181,275	2,815,884	12,485,978
Accounts receivable (net of allowance for uncollectible of \$1,904,129)	-	-	58,185	58,185
Fines receivable (net of allowance for uncollectibles of \$2,077,213)	259,467	-	-	259,467
Loans receivable	-	-	2,287,000	2,287,000
Intergovernmental receivables	551,202	-	138,395	689,597
Other receivables	13,465	-	-	13,465
Interfund receivables	146,332	31,311	242,185	419,828
Advances to other funds	29,997	-	12,990	42,987
Total assets	<u>\$ 11,317,826</u>	<u>\$ 518,677</u>	<u>\$ 7,783,665</u>	<u>\$ 19,620,168</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Liabilities:				
Claims payable	\$ 160,761	\$ 19,476	\$ 589,755	\$ 769,992
Amounts held in custody	131,004	-	9,034	140,038
Intergovernmental payables	351,889	-	1,766	353,655
Interfund payables	177,791	50,150	201,004	428,945
Advances from other funds	4,460	8,520	28,745	41,725
Other payables	37,250	-	-	37,250
Deferred revenue	9,748,286	181,275	2,870,573	12,800,134
Total liabilities	<u>\$ 10,611,441</u>	<u>\$ 259,421</u>	<u>\$ 3,700,877</u>	<u>\$ 14,571,739</u>
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable:				
Loans receivable	\$ -	\$ -	\$ 2,287,000	\$ 2,287,000
Advances	29,997	-	12,990	42,987
Restricted:				
Unemployment	-	-	29,625	29,625
Public safety	-	-	156,671	156,671
Public works	-	259,256	232,182	491,438
Culture and recreation	-	-	-	-
Debt service	-	-	739,163	739,163
Assigned:				
General government	-	-	169,065	169,065
Public safety	-	-	450,829	450,829
Public works	-	-	5,263	5,263
Unassigned	676,388	-	-	676,388
Total fund balances	<u>\$ 706,385</u>	<u>\$ 259,256</u>	<u>\$ 4,082,788</u>	<u>\$ 5,048,429</u>
Total liabilities and fund balances	<u>\$ 11,317,826</u>	<u>\$ 518,677</u>	<u>\$ 7,783,665</u>	<u>\$ 19,620,168</u>

## ADAMS COUNTY, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

Fund Balances, Total Governmental Funds	\$ 5,048,429
Amounts reported for net position in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation of \$61,290,125.	59,350,073
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	604,972
Bond issuance cost, net of amortization	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(19,390,762)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(194,281)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.	<u>149,258</u>
Total Net Position	<u>\$ 45,567,689</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds			
	General Fund	County-wide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 9,335,748	\$ 211,654	\$ 2,669,021	\$ 12,216,423
Road and bridge privilege taxes	-	722,217	-	722,217
Licenses, commissions, and other revenue	411,991	47,993	63,270	523,254
Fines and forfeitures	279,667	12,384	21,794	313,845
Intergovernmental revenues	2,512,124	897,428	2,969,378	6,378,930
Charges for services	183,105	-	1,572,361	1,755,466
Interest income	44,065	1,564	14,155	59,784
Miscellaneous revenues	77,261	8,336	41,115	126,712
Total revenues	<u>\$ 12,843,961</u>	<u>\$ 1,901,576</u>	<u>\$ 7,351,094</u>	<u>\$ 22,096,631</u>
<b>EXPENDITURES</b>				
General government	\$ 5,642,052	\$ -	\$ 547,187	\$ 6,189,239
Public safety	5,170,075	-	1,616,747	6,786,822
Public works	-	1,291,814	2,161,024	3,452,838
Health and welfare	335,228	-	-	335,228
Culture and recreation	-	-	8,055	8,055
Education	392,164	225,243	-	617,407
Conservation of natural resources	133,016	-	-	133,016
Economic development and assistance	266,115	-	188,024	454,139
Capital projects	755,811	375,749	2,520,833	3,652,393
Debt service:				
Principal	790,274	145,188	865,395	1,800,857
Interest	237,019	9,566	688,687	935,272
Total expenditures	<u>\$ 13,721,754</u>	<u>\$ 2,047,560</u>	<u>\$ 8,595,952</u>	<u>\$ 24,365,266</u>
Excess of revenues (expenditures)	<u>\$ (877,793)</u>	<u>\$ (145,984)</u>	<u>\$ (1,244,858)</u>	<u>\$ (2,268,635)</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	County-wide Road Maintenance Fund	Other Governmental Funds	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Compensation for loss or damage to assets	\$ 32,456	\$ 130,134	\$ 76,000	\$ 238,590
Proceeds from sale of assets	60,239	7,098	35,322	102,659
Proceeds from issuance of debt	-	-	517,164	517,164
Proceeds from capital leases	120,218	172,132	168,826	461,176
Transfers in	792,923	-	603,504	1,396,427
Transfers - out	(534,481)	-	(1,005,946)	(1,540,427)
 Total other financing sources (uses)	 \$ 471,355	 \$ 309,364	 \$ 394,870	 \$ 1,175,589
 Net change in fund balance	 \$ (406,438)	 \$ 163,380	 \$ (849,988)	 \$ (1,093,046)
 Fund balances - beginning as previously stated	 1,112,823	 95,876	 4,887,709	 6,096,408
Prior Period Adjustments	-	-	45,067	45,067
Fund balances - beginning as restated	\$ 1,112,823	\$ 95,876	\$ 4,932,776	\$ 6,141,475
 Fund balances - ending	 \$ 706,385	 \$ 259,256	 \$ 4,082,788	 \$ 5,048,429

ADAMS COUNTY, MISSISSIPPI

STATEMENT F

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, 2014

Net Change in Fund Balances, Total Governmental Funds (Statement E) \$ (1,093,046)

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 assets exceeded depreciation in the current period. 2,524,220

Revenues 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. 703,917

In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in 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 gain and the proceeds from the sale in the current period. (102,659)

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 proceeds from the issuance of debt of \$978,340 exceeded debt payments of \$1,800,857. 822,517

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the following items:

The amount of decrease in compensated absences	2,416
The amount of increase in accrued interest payable	(51,953)
The amount of increase in bond issuance costs	-
Bond issuance cost and other deferred revenue amortization	(745,882)

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue is reported within governmental activities. 166,888

Change in Net Position of Governmental Activities (Statement B) \$ 2,226,418

ADAMS COUNTY, MISSISSIPPI  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014

	Governmental Activities
	Internal Service Fund
<b><u>ASSETS</u></b>	
Cash	\$ 169,261
Total current assets	\$ 169,261
<b><u>LIABILITIES</u></b>	
Claims and judgments payable	20,003
Total liabilities	\$ 20,003
<b><u>NET POSITION</u></b>	
Restricted for health insurance	149,258
Total net position and liabilities	\$ 169,261

ADAMS COUNTY, MISSISSIPPI  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Governmental Activities <u>Internal Service Fund</u>
<b><u>OPERATING REVENUES</u></b>	
Premiums	\$ 1,433,910
Miscellaneous income	7,983
Total operating revenues	<u>\$ 1,441,893</u>
<b><u>OPERATING EXPENSES</u></b>	
Claims payments	\$ 1,419,876
Total operating expenses	<u>\$ 1,419,876</u>
 Operating loss	 <u>\$ 22,017</u>
 Nonoperating income	
Interest income	\$ 871
Total nonoperating income	<u>\$ 871</u>
 Loss before transfers	 <u>\$ 22,888</u>
<b><u>OPERATING TRANSFERS AND CONTRIBUTIONS</u></b>	
Transfers - in	\$ 172,000
Transfers - out	(28,000)
Total	<u>\$ 144,000</u>
 Change in net position	 \$ 166,888
Total net position - beginning	<u>(17,630)</u>
Total net position - ending	<u>\$ 149,258</u>

ADAMS COUNTY, MISSISSIPPI  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

STATEMENT I

	Governmental Activities
	Internal Service Fund
<b>Cash flows from operating activities</b>	
Receipts for premiums	\$ 1,433,910
Miscellaneous revenue	7,983
Payments for claims	(1,419,876)
Net cash used for operating activities	\$ 22,017
<b>Cash flows from noncapital financing activities</b>	
Operating transfers in	\$ 172,000
Operating transfers out	(28,000)
Net cash provided by noncapital financing activities	\$ 144,000
<b>Cash flows from investing activities</b>	
Interest and dividends on investments	\$ 871
Net cash provided by investing activities	\$ 871
Net increase in cash and cash equivalents	\$ 166,888
Cash and cash equivalents, beginning of year	2,373
Cash and cash equivalents, end of year	\$ 169,261
<b>Reconciliation of operating loss to net cash used for operating activities</b>	
Operating loss	\$ 22,017
<b>Adjustments to reconcile operating loss to net cash used for operating activities</b>	
Change in assets and liabilities	
Increase (decrease) in claims and judgments liability	-
Total adjustments	\$ 22,017
Net cash used for operating activities	\$ 22,017

ADAMS COUNTY, MISSISSIPPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
SEPTEMBER 30, 2014

STATEMENT J

**ASSETS**

Cash	\$ 336,307
Property tax receivable	793,525
Interfund receivables	11,474
Total current assets	<u>\$ 1,141,306</u>

**LIABILITIES**

Amounts held in custody for others	\$ 339,447
Intergovernmental payables	4,719
Interfund payable	2,353
Advances from other funds	1,262
Deferred revenue	793,525
Total liabilities	<u>\$ 1,141,306</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**ADAMS COUNTY, MISSISSIPPI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

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

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

**B. Individual Component Unit Disclosure**

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government.

Adams County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972) that allows counties to enter into lease agreements with any corporation. The Corporation's three-member Board of Directors is appointed by the Board of Supervisors. The Corporation produces a financial benefit through its ability to finance the construction of capital facilities for the primary government by obligating funds to repay debt pursuant to a lease agreement.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Discretely Presented Component Units

The component units include the financial data of the discretely presented component units of the County. The financial data of the following component units is included in the financial statements of the County in a separate column on the government-wide statements at September 30, 2014:

- Natchez-Adams County Port Commission
- Natchez Regional Medical Center (See Note 14)
- Adams County Airport Commission

### **C. Basis of Presentation**

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

#### ***Government-Wide Financial Statements***

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

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, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenues. 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, proprietary, and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Measurement Focus and Basis of Accounting

The Government-Wide Funds, Proprietary Funds, and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a 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 revenue as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

The County reports the following major Governmental Funds:

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

County-Wide Road Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for road construction and maintenance.

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 that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Capital Projects Funds – These funds are used to account for and report financial resources 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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### PROPRIETARY FUND TYPES

Internal Service Fund – These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County’s internal service fund reports on self-insurance for employee medical benefits.

### 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.

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

#### G. Receivables

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

#### H. Inter-fund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangement 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 inter-fund receivables and payables are reported as “advances to/from other funds”. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Capital Assets**

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

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

Description	Capitalization Thresholds	Estimated Useful Lives
Land	\$ -	N/A
Infrastructure	\$ -	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. Deferred Revenue – Property Taxes**

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

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### K. 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, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

### L. Equity Classification

Government-wide Financial Statements:

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

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by 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, contributions, or laws or 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 nonspendable, restricted, committed, assigned, or unassigned. The following are descriptions of fund classifications used by the County:

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

*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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### L. Equity Classification (continued)

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes. Currently there is no committed fund balance.

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

*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, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

### M. Property Tax Revenues

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

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

### **N. 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.

### **O. 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, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example, an employee resigns or retires.

## **NOTE 2 – DEPOSITS AND INVESTMENTS**

The carrying amount of the County’s total deposits with financial institutions at September 30, 2014, was \$3,142,415 and the bank balance was \$3,564,412. 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 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 2 – DEPOSITS AND INVESTMENTS (continued)**

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and trustee related to the construction and operation of the Adams County Administrative Building.

Investments balances at September 30, 2014, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities			
Money Market Mutual Fund		\$ 726,814	AAAm
		<u>\$ 726,814</u>	

*Interest Rate Risk.* The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity period of any investment to no more than one year. The average weighted maturity of the securities in the Hancock Horizon Treasury Securities Money Market Mutual Fund was less than one year.

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

*Custodial Credit Risk – Investments.* Custodial credit risk is the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. These investments are held by the Hancock Bank trust department. All of the investments are uninsured and unregistered. The investment in the Hancock Horizon Treasury Securities Money Market Mutual Funds is not backed by the full faith and credit of the federal government.

**NOTE 3 – INTERFUND TRANSACTIONS AND BALANCES**

The following is a summary of interfund balances at September 30, 2014:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	General Fund	\$ 5,937
General Fund	Other governmental funds	138,042
County-Wide Road Maintenance Fund	General Fund	31,311
General Fund	Agency Fund	2,353
Other governmental funds	County-Wide Road Maintenance Fund	50,150
Other governmental funds	General Fund	129,069
Other governmental funds	Other governmental funds	62,965
Agency Fund	General Fund	11,474
Total		<u>\$ 431,301</u>

**NOTE 3 – INTERFUND TRANSACTIONS AND BALANCES (continued)**

The receivables represent the tax revenue collected but not settled until October 2014. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 28,735
Other governmental funds	County-wide Road Maintenance Fund	8,520
Other governmental funds	General Fund	4,460
Other governmental funds	Other governmental funds	10
General Fund	Agency Fund	1,262
Total		<u>\$ 42,987</u>

The purpose of the advances was to provide funds for operations.

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 792,923
Other governmental funds	General Fund	390,481
Other governmental funds	Other governmental funds	213,023
Internal Service Fund	Internal Service Fund	28,000
Internal Service Fund	General Fund	144,000
Total		<u>\$ 1,568,427</u>

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

**NOTE 4 – INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at September 30, 2014, consisted of the following:

<u>Description</u>	<u>Totals</u>
Governmental Activities:	
Legislative tag credit	\$ 201,141
Emergency Watershed Program	350,061
Highway planning and construction	41,695
Families First grant	51,290
Edward Byrne Memorial JAG Program	45,410
Hazard Mitigation grant – 361 Shelter	345,405
Total	<u>\$ 1,035,002</u>

## NOTE 5 – LOANS RECEIVABLE

Loans receivable balance at September 30, 2014, is as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Adams County Port Commission	November 1997	5.20%	November 2017	\$ 2,387,000

## NOTE 6 – CAPITAL ASSETS

### Primary Government

Capital assets and depreciation activity as of and for the year ended September 30, 2014, is as follows:

	Beginning Balances	Additions	Deletions	Adjustments	Ending Balances
<b>Governmental Activities:</b>					
Capital assets, not being depreciated					
Land	\$ 12,446,278	\$ 7,500	\$ -	\$ -	\$ 12,453,778
Construction in progress	<u>6,266,964</u>	<u>2,924,909</u>	<u>(6,068,354)</u>	<u>14,062</u>	<u>3,137,581</u>
Total capital assets, not being depreciated	<u>\$ 18,713,242</u>	<u>\$ 2,932,409</u>	<u>\$(6,068,354)</u>	<u>\$ 14,062</u>	<u>\$ 15,591,359</u>
Capital assets, being depreciated					
Infrastructure	\$ 76,223,464	\$ 6,068,354	\$ -	\$ -	\$ 82,291,818
Buildings	11,985,766	-	-	660,455	12,646,221
Improvements other than buildings	1,106,549	-	-	-	1,106,549
Mobile equipment	3,994,450	123,552	(298,214)	1,309,558	5,129,346
Furniture and equipment	1,939,802	148,810	(348,136)	602,442	2,342,918
Leased property under capital leases	<u>3,656,820</u>	<u>447,622</u>	<u>-</u>	<u>(2,572,455)</u>	<u>1,531,987</u>
Total capital assets being depreciated	<u>\$ 98,906,851</u>	<u>\$ 6,788,338</u>	<u>\$(646,350)</u>	<u>\$ -</u>	<u>\$105,048,839</u>
Less accumulated depreciation for:					
Infrastructure	\$(49,349,004)	\$(327,379)	\$ -	\$ -	\$(49,676,383)
Buildings	(4,629,400)	(208,309)	-	(171,726)	(5,009,435)
Improvements other than buildings	(331,977)	(22,131)	-	-	(354,108)
Mobile equipment	(3,038,521)	(197,689)	239,480	(950,475)	(3,947,205)
Furniture and equipment	(1,680,524)	(53,090)	312,652	(522,158)	(1,943,120)
Leased property under capital leases	<u>(1,685,131)</u>	<u>(319,575)</u>	<u>-</u>	<u>1,644,832</u>	<u>(359,874)</u>
Total accumulated depreciation	<u>\$(60,714,557)</u>	<u>\$(1,128,173)</u>	<u>\$ 552,132</u>	<u>\$ 473</u>	<u>\$(61,290,125)</u>
Total capital assets being depreciated, net	<u>\$ 38,192,294</u>	<u>\$ 5,660,165</u>	<u>\$ (94,218)</u>	<u>\$ 473</u>	<u>\$ 43,758,714</u>
Total assets, net	<u>\$ 56,905,536</u>	<u>\$ 8,592,574</u>	<u>\$(6,162,572)</u>	<u>\$ 14,535</u>	<u>\$ 59,350,073</u>

Construction in progress relates to unfinished projects at year end, primarily road projects. Amounts due to contractors for work completed to date has been accrued at year end.

**NOTE 6 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 171,763
Public safety	344,431
Public works	<u>611,979</u>
Total governmental activities depreciation expense	<u>\$ 1,128,173</u>

**Discretely Presented Component Units**

Natchez Adams County Port Commission

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Balance 10/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/14</u>
Capital assets not being depreciated:				
Land	\$ 40,697	\$ -	\$ -	\$ 40,697
Total assets not being depreciated	40,697	-	-	40,697
Other capital assets:				
Buildings	4,221,221	-	-	4,221,221
Bulk loading facility	4,098,442	-	-	4,098,442
Equipment	3,974,895	366,559	-	4,341,454
Office furniture and equipment	18,131	-	-	18,131
Vehicles	<u>28,010</u>	-	-	<u>28,010</u>
Total other capital assets	12,340,699	366,559	-	12,707,258
Less accumulated depreciation for:				
Buildings	2,409,413	39,684	-	2,449,097
Bulk loading facility	1,433,613	164,228	-	1,597,841
Equipment	1,634,953	228,518	-	1,863,471
Office furniture and equipment	12,235	813	-	13,048
Vehicles	<u>28,010</u>	-	-	<u>28,010</u>
Total accumulated depreciation	<u>5,518,224</u>	<u>433,243</u>	-	<u>5,951,467</u>
Other capital assets, net	<u>6,822,475</u>	<u>(66,684)</u>	-	<u>6,755,791</u>
Proprietary fund capital assets, net	<u>\$ 6,863,172</u>	<u>\$ (66,684)</u>	<u>\$ -</u>	<u>\$ 6,796,488</u>

**NOTE 6 – CAPITAL ASSETS (continued)**

Natchez Regional Medical Center

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 10/01/13	Additions	Deletions	Balance 9/30/14
Capital assets not being depreciated:				
Land	\$ 201,974	\$ -	\$ (201,974)	\$ -
Construction in Progress	<u>390,895</u>	<u>-</u>	<u>(390,895)</u>	<u>-</u>
Total assets not being depreciated	<u>592,869</u>	<u>-</u>	<u>(592,869)</u>	<u>-</u>
Other capital assets:				
Land Improvements	1,618,913	-	(1,618,913)	-
Buildings	28,158,753	-	(28,158,753)	-
Fixed Equipment	5,390,069	-	(5,390,069)	-
Major moveable equipment	19,438,262	-	(19,438,262)	-
Automobiles and ambulances	<u>47,690</u>	<u>-</u>	<u>(47,690)</u>	<u>-</u>
Total assets being depreciated	54,653,687	-	(54,653,687)	-
Less accumulated depreciation for:				
Land Improvements	(837,587)	-	837,587	-
Buildings	(16,763,395)	-	16,763,395	-
Fixed Equipment	(4,516,226)	-	4,516,226	-
Major moveable equipment	(16,638,356)	-	16,638,356	-
Automobiles and ambulances	<u>(47,399)</u>	<u>-</u>	<u>47,399</u>	<u>-</u>
Total accumulated depreciation	<u>(38,802,963)</u>	<u>-</u>	<u>38,802,963</u>	<u>-</u>
Other capital assets, net	<u>15,850,724</u>	<u>-</u>	<u>(15,850,724)</u>	<u>-</u>
Proprietary fund capital assets, net	<u>\$16,443,593</u>	<u>\$ -</u>	<u>\$(16,443,593)</u>	<u>\$ -</u>

**NOTE 6 – CAPITAL ASSETS (continued)**

Adams County Airport Commission

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance <u>9/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance <u>9/30/14</u>
Capital assets not being depreciated:					
Land	\$ 268,655	\$ -	\$ -	\$ -	\$ 268,655
Construction in progress	<u>26,986</u>	<u>106,088</u>	<u>(135,930)</u>	<u>2,856</u>	<u>-</u>
	295,641	106,088	(135,930)	2,856	268,655
Other capital assets:					
Buildings	1,215,480	135,930	-	-	1,351,410
Improvements other than buildings	11,477,686	-	-	-	11,477,686
Machinery and equipment	78,986	-	-	-	78,986
Vehicles	351,507	-	-	-	351,507
Office furniture and equipment	11,404	-	-	-	11,404
Other capital assets	<u>2,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,843</u>
	13,137,906	135,930	-	-	13,273,836
Less accumulated depreciation on other capital assets:					
Buildings	(686,999)	(30,470)	-	-	(717,469)
Improvements other than buildings	(7,145,998)	(251,383)	-	-	(7,397,381)
Machinery and equipment	(73,591)	(1,385)	-	-	(74,976)
Vehicles	(142,477)	(17,307)	-	-	(159,784)
Office furniture and equipment	(11,403)	-	-	-	(11,403)
Other capital assets	<u>(2,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,843)</u>
Total accumulated depreciation	<u>(8,063,311)</u>	<u>(300,545)</u>	<u>-</u>	<u>-</u>	<u>(8,363,856)</u>
Other capital assets, net	<u>5,074,595</u>	<u>(164,615)</u>	<u>-</u>	<u>-</u>	<u>4,909,980</u>
Capital assets, net	<u>\$ 5,370,236</u>	<u>\$ (58,527)</u>	<u>\$ (135,930)</u>	<u>\$ 2,856</u>	<u>\$ 5,178,635</u>

**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 Worker's 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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**NOTE 7 – CLAIMS AND JUDGMENTS (continued)**

The County is exposed to risk of loss relating to employee health, accident, and dental coverage. Beginning in May 1995, and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating public entity, including Adams County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for all participating entities, including Adams County, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased reinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant’s claim exceeds \$50,000, and the aggregate policy covers all submitted claims in excess of \$98,000. The re-insurer is not liable for claims in excess of \$1,000,000 per participant.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2014, the amount of these liabilities was \$20,003. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year End
2011-2012	\$ 20,003	\$ 1,502,493	\$ 1,493,553	\$ 28,943
2012-2013	\$ 28,943	\$ 1,583,004	\$ 1,591,944	\$ 20,003
2013-2014	\$ 20,003	\$ 1,419,876	\$ 1,419,876	\$ 20,003

**NOTE 8 – CAPITAL LEASES**

*As Lessee:*

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,014,381
Other furniture and equipment	517,606
Total	\$ 1,531,987
Less: accumulated depreciation	(359,874)
Leased property under capital leases	<u>\$ 1,172,113</u>

## NOTE 8 – CAPITAL LEASES (continued)

The following is a schedule, by years, of the total payments due as of September 30, 2014:

Year Ended September 30	Governmental Activities	
	Principal	Interest
2015	\$ 331,281	\$ 22,866
2016	248,203	16,210
2017	222,370	11,324
2018	167,561	6,935
2019	173,397	3,920
Total	<u>\$ 1,142,812</u>	<u>\$ 61,254</u>

## NOTE 9 – LONG-TERM OBLIGATIONS

Debt outstanding as of September 30, 2014, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
General obligation bonds:			
General Obligation Refunding Bond 2012	\$ 1,470,874	2.900%	Aug 2019
Rentech Property Acquisition	8,940,000	4.500%	Jun 2033
Port Improvement	<u>3,140,000</u>	4.500%	Jul 2028
	<u>\$ 13,550,874</u>		
Limited obligation bonds:			
Special Obligation Refunding Bond 2002	<u>\$ 3,860,000</u>	4.125%	Jul 2024
	<u>\$ 3,860,000</u>		
Capital Leases:			
Trucks for districts	\$ 90,344	2.090%	Jun 2017
Sheriff's vehicles	86,486	2.040%	Mar 2015
Road equipment	80,008	2.090%	Sep 2017
Computer equipment – Sheriff's Office	1,461	3.360%	Oct 2014
E911 equipment	225,195	1.790%	Mar 2018
IT upgrade	192,550	1.790%	Aug 2018
Sheriff's vehicles	59,664	1.980%	May 2016
Caterpillar Tractor	177,630	2.120%	Feb 2019
Ford Expeditions	120,218	2.090%	Feb 2019
Dump Truck	<u>109,256</u>	2.150%	Sep 2019
Total capital leases	<u>\$ 1,142,812</u>		
Other Loans:			
Series 2012 Note – road improvement	\$ 398,000	1.740%	Aug 2017
Freight rail service projects revolving loan	<u>672,164</u>	0.000%	Unknown
	<u>\$ 1,070,164</u>		

**NOTE 9 – LONG-TERM OBLIGATIONS (continued)**

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

Year ending September 30,	General Obligation Bonds		
	Principal Payments	Interest Payments	Totals
2015	\$ 742,600	\$ 656,286	\$ 1,398,886
2016	775,651	622,319	1,397,970
2017	803,934	587,140	1,391,074
2018	837,459	551,418	1,388,877
2019	881,230	514,994	1,396,224
2020-2024	3,205,000	2,119,044	5,324,044
2025-2029	3,735,000	1,312,125	5,047,125
2030-2033	2,570,000	395,500	2,965,500
Total	<u>\$ 13,550,874</u>	<u>\$ 6,758,826</u>	<u>\$ 20,309,700</u>

Year ending September 30,	Limited Obligation Bonds		
	Principal Payments	Interest Payments	Totals
2015	\$ 620,000	\$ 193,000	\$ 813,000
2016	655,000	162,000	817,000
2017	695,000	129,250	824,250
2018	725,000	94,500	819,500
2019	455,000	58,250	513,250
2020-2024	710,000	110,250	820,250
Total	<u>\$ 3,860,000</u>	<u>\$ 747,250</u>	<u>\$ 4,607,250</u>

Year ending September 30,	Other loans		
	Principal Payments	Interest Payments	Totals
2015	\$ 130,000	\$ 6,925	\$ 136,925
2016	133,000	4,663	137,663
2017	135,000	2,350	137,350
Unknown	672,164	-	672,164
Total	<u>\$ 1,070,164</u>	<u>\$ 13,938</u>	<u>\$ 1,084,102</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, 2014, the amount of outstanding debt was equal to 6.00 % of the latest property assessments.

**NOTE 9 – LONG-TERM OBLIGATIONS (continued)**

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance <u>10-1-13</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9-30-14</u>	Amount Due Within <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 14,265,651	\$ -	\$ (714,777)	\$ 13,550,874	\$ 742,600
Limited obligation bonds	4,455,000	-	(595,000)	3,860,000	620,000
Capital leases	1,045,716	461,176	(364,080)	1,142,812	331,281
Other loans	<u>680,000</u>	<u>517,164</u>	<u>(127,000)</u>	<u>1,070,164</u>	<u>130,000</u>
Total	\$ 20,446,367	\$ 978,340	\$(1,800,857)	\$ 19,623,850	\$ 1,823,881
Less deferred amount on refunded bonds	<u>(496,794)</u>	-	-	<u>(496,794)</u>	-
Total	\$ 19,949,573	\$ 978,340	\$(1,800,857)	\$ 19,127,056	\$ 1,823,881
Compensated absences	<u>266,122</u>	-	<u>(2,415)</u>	<u>263,707</u>	<u>7,963</u>
Total	<u>\$ 20,215,695</u>	<u>\$ 978,340</u>	<u>\$(1,803,273)</u>	<u>\$ 19,390,762</u>	<u>\$ 1,831,844</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which was generally the General Fund and the Bridge and Road Maintenance Fund.

**NOTE 10 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS**

The following funds reported deficits in fund balances at September 30, 2014:

<u>Fund</u>	<u>Deficit Amount</u>
Families First Funds	\$ 50,333
FEMA/MEMA Overpayment Escrow	43,768
Alternative to Detention Grant	10,726
Rentech Property Acquisition	743
Waste Collection & Disposal	41,009
Elevance Rail Grant and Loan Fund	<u>59,396</u>
	<u>\$ 205,975</u>

**NOTE 11 – 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.

## **NOTE 11 – CONTINGENCIES (continued)**

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 Contingencies – The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Natchez Regional Medical Center. Revenue bonds 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 because the full faith, credit, and taxing power of the County are secondarily pledged in case of default by the Hospital. The principal amount of Hospital revenue bonds outstanding at September 30, 2014, is \$13,965,000.

Airport Revenue Note Contingencies – The County issues revenue notes to provide funds for constructing and improving capital facilities of the Adams County Airport. The revenue notes are reported as a liability of the Airport because such debt is payable primarily from the Airport’s operations. However, the County remains contingently liable for the retirement of these notes because it’s state sales tax allocation and homestead exemption reimbursement is secondarily pledged in case of default by the Airport. The principal amount of Airport revenue notes outstanding at September 30, 2014, is \$6,100.

## **NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

The County participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln, and Simpson. The Adams County Board of Supervisors appoints five of the 27 members of the College Board of Trustees. The County appropriated \$793,396 for maintenance and support of the College in fiscal year 2014.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Adams County Board of Supervisors appoints four of the 40 members of the Board of Directors. The County contributes a small percentage of the District’s total revenue. The County appropriated \$51,207 for the support of the District in fiscal year 2014.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Adams County Board of Supervisors appoints one of the ten members of the Board of Commissioners. The County contributes a small part of the entity’s total revenues. The County appropriated \$77,143 for support of the Complex in fiscal year 2014.

## **NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

Southwest Mississippi Development Corporation operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The entity is governed by ten members appointed by each county's lead industrial foundation or Chamber of Commerce. If no industrial foundation or Chamber of Commerce is present, the member is appointed by the County's Board of Supervisors. The member counties provide only modest financial support for the entity. The County appropriated \$71,865 for support of the Corporation in fiscal year 2014.

## **NOTE 13 – DEFINED BENEFIT PENSION PLAN**

Plan Description. Adams 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 39205-1005, or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2014 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) to PERS for the years ending September 30, 2014, 2013, and 2012, were \$1,088,398, \$974,015, and \$820,623, respectively, equal to the required contributions for each year.

## **NOTE 14 – NO COMMITMENT DEBT (Not included in the financial statements)**

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

On March 26, 2014, the Natchez Regional Medical Center (the Medical Center), a component unit of the County, filed for bankruptcy under Chapter 9 of the U.S. Bankruptcy Code. Effective September 30, 2014, the Medical Center was sold to an outside third party. Proceeds from the sale are to be used to clear the bankruptcy debts. On October 1, 2014, the Medical Center entered into a loan agreement in the sum of \$3,000,000 with Regions Bank to finance the closing cost for the sale of the Medical Center.

## **NOTE 15 – 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 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.

## NOTE 15 – SUBSEQUENT EVENTS (continued)

Management of Adams County evaluated the activity of the County through January 31, 2016, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements. On October 6, 2014, the County approved the purchase of a John Deere backhoe for \$103,900 and a John Deere 4-wheel drive loader for \$152,500; the County approved financing this equipment through Delta Bank for five years at 2.15% interest rate. On November 3, 2014, the County approved a letter to request a \$420,000 reimbursement from the Natchez Adams School District; the County also approved to issue a \$1,200,000 negotiable note to repair county buildings, courthouse office buildings, jail and to repair roads and bridges. On December 1, 2014, the County approved to purchase a \$334,235 fire truck from Five Alarm. On December 10, 2014, the county entered into a land lease, with an option to purchase, with Delta Energy Group, LLC for 30 acres, more or less, at the port, including a 300,000 square foot warehouse, for the sum of \$3,750,000. On December 11, 2014, the County approved the \$338,122 bid from Coleman Construction for bridge replacement on Buckhurst Plantation Road. On December 30, 2014, the County approved to purchase four vehicles for the Sheriff's Office for the sum of \$126,464, to be financed by Bancorp South for five years at 2.28% interest; the County also entered into a purchase agreement with EMB GTL MS, Inc. (Emberclear), to sell seventy acres, more or less, for \$30,000 per acre. On February 17, 2015, the County approved the \$101,759 bid of Lane Line, LLC, for restriping on road project SAP01(5)M; On March 16, 2015, the County approved a \$454,170 bid from Midway Construction, Inc. for an additional entrance road to Von Drehle Corporation; the County also approved to lease to Genesis Rail, the south half of the North Dock (liquid loading dock) for \$300,000 per year, until the T-dock bond issue is paid in full. On July 6, 2015, the County approved the purchase of a \$227,720 Dispatch System, with financing through Regions Equipment Financing Corporation for five years at 2.04% interest; the County also approved the purchase of a pothole patcher for \$48,900, with financing through Bancorp Equipment Finance for five years and 2.28% interest. On August 17, 2015, the County accepted the following bids: a \$217,900 bid from Stribling Equipment, LLC, for a motor grader; a \$158,494 bid from Puckett Machinery, for a 4-wheel drive loader. On September 9, 2015, the County approved to finance the 4-wheel drive loader with Bancorp South for five years at 2.19% interest. On September 21, 2015, the County accepted a \$588,600 grant through Mississippi Development Authority for rail improvements for Delta Energy Group, LLC; the County also accepted a \$355,233 bid from W. E. Blain & Sons for SAP-01(6)M overlay project for 1.872 miles on Beltline Highway. On October 5, 2015, the County approved the financing for the \$217,900 motor grader through Bancorp South for five years, with 2.24% interest. On December 7, 2015, the County approved the sale of three acres, more or less, to Von Drehle Corporation at \$30,000 per acre.

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**REQUIRED SUPPLEMENTARY INFORMATION**

ADAMS COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE -  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 9,817,306	\$ 9,381,724	\$ 9,381,724	\$ -
Licenses, commissions, and other revenue	365,450	413,501	413,501	-
Fines and forfeits	350,000	279,667	279,667	-
Intergovernmental revenue	2,392,834	2,162,063	2,162,063	-
Charges for services	225,000	169,781	183,105	13,324
Interest income	36,350	44,065	44,065	-
Miscellaneous revenues	79,000	124,824	111,381	(13,443)
<b>Total revenues</b>	<u>\$ 13,265,940</u>	<u>\$ 12,575,625</u>	<u>\$ 12,575,506</u>	<u>\$ (119)</u>
<b>Expenditures</b>				
Current:				
General government	\$ 5,874,722	\$ 5,604,696	\$ 5,599,262	\$ 5,434
Public safety	5,267,480	5,433,845	5,296,552	137,293
Health and welfare	379,956	375,702	329,993	45,709
Education	383,985	392,164	392,164	-
Conservation of natural resources	992,755	559,194	559,194	-
Economic development and assistance	270,115	258,616	258,615	1
Debt service:				
Principal	612,222	838,783	790,332	48,451
Interest	226,634	-	236,898	(236,898)
<b>Total expenditures</b>	<u>\$ 14,007,869</u>	<u>\$ 13,463,000</u>	<u>\$ 13,463,010</u>	<u>\$ (10)</u>
<b>Excess of revenues before operating transfers</b>	<u>\$ (741,929)</u>	<u>\$ (887,375)</u>	<u>\$ (887,504)</u>	<u>\$ (129)</u>
<b>Other financing sources (uses)</b>				
Compensation for loss or damages to assets	\$ 5,000	\$ -	\$ 92,696	\$ 92,696
Operating transfers - in	308,605	18,885,619	18,792,923	(92,696)
Operating transfers - out	(310,222)	(18,534,481)	(18,534,481)	-
<b>Total other financing sources</b>	<u>\$ 3,383</u>	<u>\$ 351,138</u>	<u>\$ 351,138</u>	<u>\$ -</u>
<b>Net change in fund balance</b>	<u>\$ (738,546)</u>	<u>\$ (536,237)</u>	<u>\$ (536,366)</u>	<u>\$ (129)</u>
<b>Fund balance - beginning of year</b>	<u>1,112,823</u>	<u>1,112,823</u>	<u>1,112,823</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 374,277</u>	<u>\$ 576,586</u>	<u>\$ 576,457</u>	<u>\$ (129)</u>

ADAMS COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE -  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
COUNTY-WIDE ROAD MAINTENANCE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 277,583	\$ 212,203	\$ 212,203	\$ -
Road and bridge privilege taxes	650,000	722,217	722,217	-
Licenses, commissions and other revenue	-	-	47,993	47,993
Fines and forfeitures	15,000	12,384	12,384	-
Intergovernmental revenues	896,000	953,220	897,428	(55,792)
Interest income	1,500	1,564	1,564	-
Miscellaneous revenues	15,000	536	8,336	7,800
Total revenues	<u>\$ 1,855,083</u>	<u>\$ 1,902,124</u>	<u>\$ 1,902,125</u>	<u>\$ 1</u>
<b>Expenditures</b>				
Current:				
Public works	\$ 1,419,015	\$ 1,673,091	\$ 1,518,337	\$ (154,754)
Education	190,000	225,243	225,243	-
Debt service:				
Principal	145,188	-	145,185	145,185
Interest	9,657	-	9,566	9,566
Total expenditures	<u>\$ 1,763,860</u>	<u>\$ 1,898,334</u>	<u>\$ 1,898,331</u>	<u>\$ (3)</u>
<b>Excess of revenues before operating transfers</b>	<u>\$ 91,223</u>	<u>\$ 3,790</u>	<u>\$ 3,794</u>	<u>\$ 4</u>
<b>Other financing sources</b>				
Proceeds from sale of assets	\$ -	\$ -	\$ 7,098	\$ 7,098
Other financing sources	-	137,232	130,134	(7,098)
Total other financing sources	<u>\$ -</u>	<u>\$ 137,232</u>	<u>\$ 137,232</u>	<u>\$ -</u>
<b>Net change in fund balance</b>	<u>\$ 91,223</u>	<u>\$ 141,022</u>	<u>\$ 141,026</u>	<u>\$ 4</u>
<b>Fund balance - beginning of year</b>	<u>95,876</u>	<u>95,876</u>	<u>95,876</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 187,099</u>	<u>\$ 236,898</u>	<u>\$ 236,902</u>	<u>\$ 4</u>

**ADAMS COUNTY, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. 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.

2. 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.

3. Budget/GAAP Reconciliation

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

1. Revenue is 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 Type	
	General Fund	County-wide Road Maintenance Fund
Budget (cash basis)	\$ (536,366)	\$ 141,026
Increase (decrease)		
Net adjustments for revenue accruals	(17,611,328)	171,583
Net adjustments for expenditure accruals	17,738,952	(149,229)
GAAP Basis	\$ (408,742)	\$ 163,380

**SUPPLEMENTAL INFORMATION**

**ADAMS COUNTY, MISSISSIPPI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2014**

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Justice</u></b>		
Passed-through Mississippi Department of Public Safety Recovery Act – Edward Byrne Justice Assistance Grant Program – 09ZD5061	16.803	\$ 24,880
Recovery Act – Edward Byrne Justice Assistance Grant Program – 13DC1011	16.738	<u>140,261</u>
Total U.S. Department of Justice		<u>\$ 165,141</u>
<b><u>U.S. Department of Agriculture Passed Through Programs</u></b>		
Passed-through USDA, Natural Resources Conservation Service Recovery Act-Emergency Watershed Protection Program Grant No. 68-4423-14-2413	10.923	\$ 302,324
Recovery Act-Emergency Watershed Protection Program Grant No. 68-4423-14-2414	10.923	<u>148,505</u>
Total Passed through USDA, Natural Resources Conservation Program		<u>\$ 450,829</u>
Passed through Mississippi State Treasury Schools and Roads-Grants to States	10.665	<u>\$ 101,303</u>
Total Passed through Mississippi State Treasury		<u>\$ 101,303</u>
Total U.S. Department of Agriculture Passed Through Programs		<u>\$ 552,132</u>
<b><u>U.S. Department of Transportation – Federal Highway Administration</u></b>		
Passed-through Mississippi Department of Transportation Highway Planning and Construction – NHS-0087-00(002)LP	20.205	\$ 228,555
Highway Planning and Construction – BR 0157(3)B	20.205	84,947
Highway Planning and Construction – BR NBIS 079 B	20.205	<u>14,610</u>
Total U.S. Department of Transportation – Federal Highway Administration		<u>\$ 328,112</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
Passed-through Mississippi Development Authority CDBG State’s Program and Non-Entitlement Grants Grant No. R-103-001-04-KED	14.228	\$ 573,970
CDBG State’s Program and Non-Entitlement Grants Grant No. GV-350-001-01	14.228	10,497
CDBG State’s Program and Non-Entitlement Grants Grant No. GV-350-001-02	14.228	24,387
CDBG State’s Program and Non-Entitlement Grants Grant No. 1126-09-001-PF-01	14.228	28,120
CDBG Home Program	14.239	<u>6,036</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 643,010</u>

**SCHEDULE OF FEDERAL AWARDS (continued)**

**U.S. Department of Health and Human Services**

Passed-through Mississippi Department of Human Services			
Temporary Assistance for Needy Families – 111WL22A	93.558	\$	181,144
Temporary Assistance for Needy Families – 111WL23A	93.558		122,155
Promoting Safe and Stable Families – 313W121	93.558		<u>107,994</u>
Total U.S. Department of Health and Human Services		\$	<u>411,293</u>

**U.S. Department of Homeland Security**

Passed-through Mississippi Emergency Management Authority			
Hazard Mitigation Grant – FEMA 1604-0471	97.039	\$	791,515
Hazard Mitigation Grant – FEMA 4081-0005	97.039		<u>106,495</u>
Total Homeland Security – Firefighter Grant FEMA		\$	<u>898,010</u>

Total Expenditures of Federal Awards \$ 2,997,698

**NOTES TO THIS SCHEDULE**

This Schedule includes the federal grant activity of Adams County and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

ADAMS COUNTY, MISSISSIPPI

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

SEPTEMBER 30, 2014

	"Unaudited" Natchez-Adams County Port Commission	"Unaudited" Natchez Regional Medical Center	Adams County Airport Commission	Total Component Units
<b>ASSETS</b>				
Cash	\$ 51,338	\$ -	\$ 195,822	\$ 247,160
Accounts receivable, net	760,837	-	26,859	787,696
Prepaid expenses	8,118	-	2,398	10,516
Inventories	-	-	62,387	62,387
Capital assets:				
Land	40,697	-	268,655	309,352
Other capital assets, net	6,755,791	-	4,909,980	11,665,771
Intangible assets	-	-	161,643	161,643
Less accumulated amortization	-	-	(58,465)	(58,465)
Total assets	<u>\$ 7,616,781</u>	<u>\$ -</u>	<u>\$ 5,569,279</u>	<u>\$ 13,186,060</u>
<b>LIABILITIES</b>				
Claims payable	\$ 137,666	\$ -	\$ 33,283	\$ 170,949
Accrued payroll and payroll taxes	26,010	-	-	26,010
Accrued expenses	-	-	641	641
Long-term liabilities:				
Due within one year:				
Capital related liabilities	215,000	-	6,100	221,100
Due in more than one year:				
Capital related liabilities	2,072,000	-	12,932	2,084,932
Total liabilities	<u>\$ 2,450,676</u>	<u>\$ -</u>	<u>\$ 52,956</u>	<u>\$ 2,503,632</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 4,509,488	\$ -	\$ 5,172,535	\$ 9,682,023
Unrestricted	656,617	-	343,788	1,000,405
Total net position	<u>\$ 5,166,105</u>	<u>\$ -</u>	<u>\$ 5,516,323</u>	<u>\$ 10,682,428</u>

ADAMS COUNTY, MISSISSIPPI

COMBINING STATEMENT OF NET REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	"Unaudited" Natchez-Adams County Port Commission	"Unaudited" Natchez Regional Medical Center	Adams County Airport Commission	Total Component Units
<b>Operating Revenues</b>				
Charges for services	\$ 3,309,737	\$ -	\$ 630,922	\$ 3,940,659
Refunds	2,552	-	-	2,552
Rents and commissions	-	-	68,588	68,588
Other operating revenue	-	-	8,350	8,350
Total operating revenues	<u>\$ 3,312,289</u>	<u>\$ -</u>	<u>\$ 707,860</u>	<u>\$ 4,020,149</u>
<b>Operating Expenses</b>				
Salaries and wages	\$ 422,170	\$ -	\$ -	\$ 422,170
Payroll taxes and fringe benefits	248,920	-	-	248,920
Utilities	83,514	-	-	83,514
Repairs and maintenance	648,764	-	-	648,764
Other supplies and expenses	84,708	-	-	84,708
Insurance	92,503	-	-	92,503
Equipment rental	1,033,363	-	-	1,033,363
Depreciation	433,243	-	302,566	735,809
Administrative salaries	238,025	-	-	238,025
Professional fees	62,141	-	-	62,141
Telephone	9,713	-	-	9,713
Postage	643	-	-	643
Travel	938	-	-	938
Office supplies	8,673	-	-	8,673
Dues and subscriptions	2,195	-	-	2,195
Surety bonds	400	-	-	400
Miscellaneous expenses	7,041	-	-	7,041
Workmen's compensation insurance	7,546	-	-	7,546
Personal services	-	-	188,282	188,282
Cost of sales	-	-	480,294	480,294
Administrative and general	-	-	144,035	144,035
Operation and maintenance of terminal and field area	-	-	67,773	67,773
Total operating expenses	<u>\$ 3,384,500</u>	<u>\$ -</u>	<u>\$ 1,182,950</u>	<u>\$ 4,567,450</u>
Operating income (loss)	<u>\$ (72,211)</u>	<u>\$ -</u>	<u>\$ (475,090)</u>	<u>\$ (547,301)</u>

ADAMS COUNTY, MISSISSIPPI

COMBINING STATEMENT OF NET REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	"Unaudited" Natchez-Adams County Port Commission	"Unaudited" Natchez Regional Medical Center	Adams County Airport Commission	Total Component Units
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	\$ 248	\$ -	\$ 103	\$ 351
Interest expense	-	-	(361)	(361)
Gain on disposal of equipment	10,382	-	-	10,382
Contributions from Adams County	359,659	-	214,980	574,639
Net nonoperating revenue (expenses)	<u>\$ 370,289</u>	<u>\$ -</u>	<u>\$ 214,722</u>	<u>\$ 585,011</u>
Net income (loss) before contributions and transfers	\$ 298,078	\$ -	\$ (260,368)	\$ 37,710
Capital contributions:				
State grants	-	-	105,624	105,624
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,624</u>	<u>\$ 105,624</u>
Changes in net position	\$ 298,078	\$ -	\$ (154,744)	\$ 143,334
Net position - beginning of year	\$ 4,868,027	\$ -	\$ 5,668,211	\$ 10,536,238
Prior period adjustment	-	-	2,856	2,856
Net position - beginning of year as restated	<u>\$ 4,868,027</u>	<u>\$ -</u>	<u>\$ 5,671,067</u>	<u>\$ 10,539,094</u>
Net position - ending	<u>\$ 5,166,105</u>	<u>\$ -</u>	<u>\$ 5,516,323</u>	<u>\$ 10,682,428</u>

**OTHER INFORMATION**

**ADAMS COUNTY, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Mike Lazarus	Board of Supervisors	Brierfield	\$ 100,000
David Carter	Board of Supervisors	Brierfield	\$ 100,000
Angela Hutchins	Board of Supervisors	Brierfield	\$ 100,000
Darryl V. Grennell	Board of Supervisors	Brierfield	\$ 100,000
Calvin Butler	Board of Supervisors	Brierfield	\$ 100,000
Joseph H. Murray	County Administrator	Brierfield	\$ 100,000
Thomas O'Beirne	Chancery Clerk	Brierfield	\$ 100,000
Francis Bell	Purchase Clerk	Western Surety	\$ 75,000
Claudia White	Receiving Clerk	Western Surety	\$ 75,000
Steve Adams	Assistant Receiving Clerk	Brierfield	\$ 50,000
Jerry Buckles	Assistant Receiving Clerk	Western Surety	\$ 50,000
Michael Chapman	Assistant Receiving Clerk	Western Surety	\$ 50,000
John Michael Collier	Assistant Receiving Clerk	Western Surety	\$ 50,000
Sammy Gains	Assistant Receiving Clerk	Western Surety	\$ 50,000
Warren Gains	Assistant Receiving Clerk	Western Surety	\$ 50,000
Linda Futrell	Assistant Receiving Clerk	Western Surety	\$ 50,000
Shelia D. Jackson	Assistant Receiving Clerk	RLI Surety	\$ 50,000
Angie King	Assistant Receiving Clerk	Western Surety	\$ 50,000
Clarise Martin	Assistant Receiving Clerk	Western Surety	\$ 50,000
Catherine Meng	Assistant Receiving Clerk	Brierfield	\$ 50,000
William Neely	Assistant Receiving Clerk	RLI Surety	\$ 50,000
Marilyn Washington	Assistant Receiving Clerk	Western Surety	\$ 50,000
James Wells	Assistant Receiving Clerk	Western Surety	\$ 50,000
Betty White	Assistant Receiving Clerk	Brierfield	\$ 50,000
Johnny Williams	Assistant Receiving Clerk	Western Surety	\$ 50,000
Corvet McNeal	Inventory Control Clerk	Western Surety	\$ 75,000
Robbie Dollar	Road Manager	Western Surety	\$ 50,000
Ray Brown	Constable	Brierfield	\$ 50,000
Randall Freeman, Sr.	Constable	Brierfield	\$ 50,000
Eddie Walker	Circuit Clerk	Brierfield	\$ 100,000
Charles R. Mayfield, Jr.	Sheriff	Brierfield	\$ 100,000
Cindy Aldridge	Administrative Assistant/ Metro Narcotics	Western Surety	\$ 50,000
Charles Vess	Justice Court Judge	Brierfield	\$ 50,000
Patricia Dunmore	Justice Court Judge	Brierfield	\$ 50,000
Audrey Bailey	Justice Court Clerk	Porter Insurance	\$ 100,000
Deselle Davis	Justice Court Deputy Clerk	Shelter Insurance	\$ 50,000
Charlene Green	Justice Court Deputy Clerk	Shelter Insurance	\$ 50,000
Andrea Ford	Justice Court Deputy Clerk	Shelter Insurance	\$ 50,000
Verna Johnson	Justice Court Deputy Clerk	Western Surety	\$ 50,000
Peter T. Burns, Jr.	Tax Collector	Brierfield	\$ 100,000
Reynolds Adkins	Tax Assessor	Brierfield	\$ 50,000

**SPECIAL REPORTS**

**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  
Adams 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 units, each major fund and the aggregate remaining fund information of Adams County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 31, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Adams 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 Adams County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control 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 Findings and Questioned Costs, we identified certain deficiencies in internal control 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2014-001 and 2014-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with

governance. During our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **Adams County's Response to Findings**

Adams County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Adams 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 results 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.

*The Gillen Group, PLLC*

Natchez, Mississippi  
January 31, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors  
Adams County, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited Adams County, Mississippi's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. Adams 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, Adams County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

## Report on Internal Control Over Compliance

Management of Adams County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we consider Adams County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003 to be a material weakness.

Adams County's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Adams County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*The Gillon Group, PLLC*

Natchez, Mississippi

January 31, 2016

**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  
Adams County, Mississippi

We have examined Adams County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2014. The Board of Supervisors of Adams County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Adams 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.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. The following instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

**Inventory Control Clerk**

1. The Inventory Control Clerk should ensure all capital assets are recorded

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of inventory controls over capital assets should include proper recording of additions in the fixed assets subsidiary records.

During our audit we noted (8) eight capital projects totaling \$6,068,354 which had been completed were not included in the County's fixed assets subsidiary records, but instead classified as construction in progress. Improper recording of construction in progress resulted in proposed audit adjustments to correct asset classification in the compiled financial statements and notes.

Recommendation

The Inventory Control Clerk should properly record additions in the capital asset subsidiary records in the proper reporting period.

Inventory Control Clerk's Response

In review of the audit findings and deficiencies, I have reviewed the recommendations made by the auditor and corrected the findings that are noted. We have also put in place a system to check and balance the accounts to prevent future findings.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Adams County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

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.

Adams County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

*The Millon Group, PLLC*

Natchez, Mississippi  
January 31, 2016

Adams County, Mississippi  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2014

Schedule 1

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

Adams County, Mississippi  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2014

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
1/4/2013	Oversized rock	\$ 232.05	The Blain Sand & Gravel Co.	To prevent road from washing out during inclement weather

Adams County, Mississippi  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2014

Schedule 3

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

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

Members of the Board of Supervisors  
Adams County, Mississippi

In planning and performing our audit of the financial statements of Adams County, Mississippi for the year ended September 30, 2014, we considered Adams 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 Adams 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 January 31, 2016, on the financial statements of Adams County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the 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.

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.

*The Gillon Group, PLLC*

Natchez, Mississippi  
January 31, 2016

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Adams County, Mississippi  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

***Financial Statements:***

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

***Federal Awards:***

4. Internal control over major programs:
  - a. Material weakness(es) identified? Yes
  - b. Significant deficiency(ies) identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs:  
Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with Section \_\_\_\_ .510(a) of OMB Circular A-133? Yes
7. Identification of major programs:
  - a. 16.803 Recovery Act-Edward Byrne Justice Assistance Grant
  - b. 16.738 Edward Byrne Justice Assistance Grant Program
  - c. 10.923 Recovery Act – Emergency Watershed Protection Cluster
  - d. 97.039 Hazard Mitigation Grant Cluster

Adams County, Mississippi  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2014

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

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2014-001. The County should establish controls to ensure the Schedule of Expenditures of Federal Awards is accurately prepared.

Finding

An effective system of internal control over federal award programs should include adequate subsidiary records documenting all revenues, expenditures, and identifying information for each federal award received. As a result of audit procedures performed, the following deficiencies were noted in the Schedule of Expenditures of Federal Awards (the Schedule):

- a. Expenditures for one Edward Byrne JAG grant were included erroneously since there was no federal award for the current year. Another Edward Byrne JAG Grant with current year expenditures of \$24,880 was omitted from the Schedule.
- b. A Schools and Roads grant with expenditures of \$101,303 was omitted from the Schedule.
- c. Two Recovery Act-Emergency Watershed Protection Program grants were not reported with current year expenditures of \$450,829.
- d. One Highway Planning and Construction grant program expenditures were overstated by \$119,809; various expenditures that were included were for other federal grants or expenditures that could not be identified as a part of any federal grant. Another Highway Planning and Construction grant expenditures were understated by \$43,252, and a third Highway Planning and Construction grant with expenditures of \$14,610 was omitted from the Schedule.
- e. One HUD Disaster CDBG-KED grant with expenditures of \$573,970 was omitted from the Schedule.

Adams County, Mississippi  
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- f. One CDBG State's Program grant was reported on the Schedule with expenditures of \$414,400 when the actual expenditures were \$24,387; some expenditures included on the Schedule were for other federal grant programs, or could not be identified as a part of any federal grant program. Another CDBG State's Program grant with expenditures of \$10,497 was omitted from the Schedule.
- g. Three Temporary Assistance for Needy Families grants were overstated by \$5,878.
- h. Expenditures of \$62,082 for a Hazard Mitigation grant was erroneously included on the Schedule. This was not a current year grant, but a reimbursement for a prior period pass-through grant to the City of Natchez.
- i. Expenditures for another Hazard Mitigation grant was understated by \$39,576 on the Schedule.
- j. A third Hazard Mitigation grant with expenditures of \$106,494 was omitted from the Schedule.

These errors were due to the County's lack of accurate records documenting the details and transactions relative to federal awards received. The failure to maintain adequate records increases the possibility of reporting incorrect amounts of federal expenditures, as well as improperly including or excluding a federal program on the Schedule of Expenditures of Federal Awards.

Recommendation

The County should appoint a director for all federal awards, to oversee and maintain adequate and accurate records documenting all revenues, expenditures, and other relative details of each federal award received.

Material Weakness

2014-002

Finding

The County should establish controls to ensure accurate presentation of the financial statements.

An effective system of internal control over financial statement preparation and reporting in accordance with general accepted accounting principles should include adequate detail to document the compilation of individual funds balances and transactions as well as any adjustment to these balances and transactions, proper accrual of revenues and expenditures, proper classification of funds, proper classification of revenues and expenditures/expenses, proper classification of restricted net assets and the inclusion of all required disclosures in the notes of the financial statements.

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Errors noted during our audit included the following:

1. An amount representing a capital lease for \$109,256 and an amount representing a loan for \$517,164 that were not reported on the compiled financial statements. These errors resulted in long term liabilities being understated by \$626,420 for Governmental Activities.
2. \$2,572,455 in fixed assets were not appropriately capitalized. These assets were previously classified as lease purchases, but had been paid off in prior years or during the current year. The assets should have been reclassified in the appropriate fixed asset categories. As a result of them not being reclassified, the Schedule of Capital Assets and the Depreciation Schedule provided by the compiler was incorrect and required adjustments.
3. As a result of our audit procedures, we noted that \$6,068,354 in construction in progress that was completed in the current year was not capitalized and depreciated. As a result of these completed projects not being reclassified, the Schedule of Capital Assets and the Depreciation Schedule provided by the compiler was incorrect and required adjustments.
4. Also noted as a result of audit procedures was that intergovernmental receivables were understated by \$397,719. The following describes the discrepancies:
  - a. Intergovernmental receivables in the amount of \$350,061 for two Recovery Act-Emergency Watershed Protection Programs were not recorded.
  - b. Intergovernmental receivables for three Families First Grant Programs were understated by the amount of \$17,782.
  - c. Intergovernmental receivable for the Hazard Mitigation grant – 361 Shelter was overstated by \$32,288.
  - d. Intergovernmental receivable in the amount of \$45,410 for the Family Drug Court grant was not recorded.

Recommendation

The Board of Supervisors should implement a system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles that includes adequate detail to document the compilation of individual funds balances and transactions as well as any adjustments to these balances and transactions, proper classification of funds, proper accrual of revenues and expenditures, proper classification of revenues and expenditures/expenses, proper classification of restricted net assets and the inclusion of all required disclosures in the notes to the financial statements.

Adams County, Mississippi  
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This system of internal controls should be designed to also ensure that all of the debt is recorded appropriately and disclosed properly in the compiled financial statements; that of the capital assets are reclassified when the capital leases are paid off, that the Schedule of Capital Assets is correct, and that capital assets are disclosed properly in the compiled financial statements; that construction in progress is reclassified in the appropriate year, depreciated and added to the Schedule of Capital Assets, and disclosed properly in the compiled financial statements; and ensure that intergovernmental receivables are recorded and properly disclosed in the compiled financial statements.

Section 3: Federal Award Findings and Questioned Costs

2014-003. The County should establish internal controls to ensure separate accounting for the receipt and disbursement of federal awards.

Material Weakness

Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Finding

An effective system of internal control for recording the receipt and disbursement of federal awards should include the use of separate funds or account codes.

During our audit testing, there were expenditures not segregated using separate funds or account codes in the County's general ledger. There were expenditures not associated with a particular grant included in the same account. In other instances, there were several funds used for the same federal grant expenditures, but the revenue for the grant was not consistently distributed to the appropriate funds to match the expenditures. The failure to specifically identify and account for federal program receipts and expenditures prevents proper accounting of federal funds and could result in the expenditure of federal funds for unallowable activities, unallowable costs, and/or erroneous reporting of federal expenditures on the Schedule of Expenditures of Federal Awards.

Program: Recovery Act-Emergency Watershed Protection Program Cluster, CFDA 10.923; U.S. Department of Agriculture, Passed through USDA, Natural Resources Conservation Program

During our review of expenditures for these federal grants expenditures occurred in the general fund, the countywide road fund and the countywide bridge fund, however, the total reimbursement was booked in the general fund.

Adams County, Mississippi  
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Program: Highway Planning and Construction Cluster, CFDA 20.205, U.S.  
Department of Transportation, Passed through Mississippi Department of  
Transportation

While reviewing the Highway Planning and Construction grant revenues and expenditures for Government Fleet Road, we noted multiple expenditures for other federal grant programs, other county projects and various other expenses were mingled in with the same group of account numbers used to record Government Fleet Road expenditures. This caused extensive time during the audit to determine what grant each expenditure should be assigned to, and there were numerous expenditures that could not be tied to any particular grant program or capital project in the same group of accounts.

Recommendation

Consideration should be given to using separate funds or account codes to account for the receipt and disbursement of federal awards.

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

**Adams County, Mississippi  
Auditee's Corrective Action Plan  
Year Ended September 30, 2014**

*Joe Murray – County Administrator  
Adams County, Mississippi  
Phone (601) 445-7934  
314 State Street  
Natchez, MS 39120  
Email:  
[jmurray@adamscountymiss.gov](mailto:jmurray@adamscountymiss.gov)*



Re: Corrective Action Plan  
Adams County Board of Supervisors

-CORRECTIVE ACTION PLAN 2014-001: The Adams County Board of Supervisors is currently discussing the need for a full-time grants administrator position to address the reporting and accounting issues contingent upon availability of funds during the next budgeting session. Also, a policy for federal awards and all grant administration will also be adopted and administered ensuring greater accuracy and controls of federal receipts and expenditures.

ANTICIPATED DATE OF COMPLETION FOR CORRECTIVE ACTION: September 30, 2016, but some action of correction had already taken place before the completion of the FYE 2014 audit.

- CORRECTIVE ACTION PLAN 2014-002: Adams County has contracted with a CPA to compile financial statements for the subsequent audit period. This practice has been performed in previous audit periods. Heightened scrutiny by county personnel as directed by the board of supervisors will ensure these reporting discrepancies do not occur in subsequent audit periods. Most of the cited instances are already being or have been addressed.

ANTICIPATED DATE OF COMPLETION FOR CORRECTIVE ACTION: April 30, 2016

- CORRECTIVE ACTION PLAN 2014-003: Adams County recognizes the need to account for federal awards in separate funds. We recognize the need to present this information in a manner that is easy to follow and that will allow for accurate information to be presented on the Schedule of Expenditures of Federal Awards.

ANTICIPATED DATE OF COMPLETION FOR CORRECTIVE ACTION: September 30, 2016

By implementing these corrective actions, the Adams County Board of Supervisors will ensure that there is a more accurate and compliant representation of its finances.

NAME OF PERSON(S) RESPONSIBLE FOR CORRECTIVE ACTION:

**Joe Murray, Adams County  
Administrator, 601-445-7934 Brandi  
Lewis, Adams County Chancery Clerk,  
601-304-7822**

Joe Murray

A handwritten signature in black ink, appearing to read "Joe Murray". The signature is written in a cursive style with a large, looping initial "J" and a long horizontal stroke at the end.

Adams County Administrator

**Adams County, Mississippi  
Auditee's Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2014**

 **N/A – No findings reported in the prior year**

