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YAZOO COUNTY, MISSISSIPPI

**Audited Financial Statements and Special Reports
For the Year Ended September 30, 2014**

YAZOO COUNTY
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YAZOO COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government 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. These financial statements are the responsibility of the county's management.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 Qualified Opinion on Governmental Activities

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

Qualified Opinions

In our opinion, except for the effects of the matter discussed in “Basis for Qualified Opinions on Governmental Activities”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Yazoo 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 conformity with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the county’s legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the county’s primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Yazoo County, Mississippi, as of September 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules 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.

Omission of Required Supplementary Information

Yazoo County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required 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.

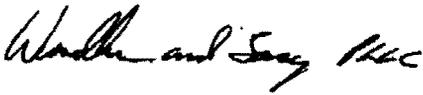
Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Yazoo County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Reconciliation of Operating Costs of Solid Waste 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of Yazoo 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 Yazoo County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC
October 30, 2015

YAZOO COUNTY

FINANCIAL STATEMENTS

YAZOO COUNTY
Statement of Net Position
September 30, 2014

Exhibit 1

| | Primary Government | | Total |
|---|-------------------------|--------------------------|-------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| Cash | \$ 8,599,846 | 42 | 8,599,888 |
| Accrued interest receivable | 3,286 | | 3,286 |
| Property tax receivable | 6,805,871 | | 6,805,871 |
| Fines receivable, net of allowance for uncollectible of \$2,189,223 | 121,193 | | 121,193 |
| Intergovernmental receivables | 200,353 | 1,067,290 | 1,267,643 |
| Other receivables, net | 33,053 | | 33,053 |
| Internal balances | 11,571 | (11,571) | |
| Capital assets, net | | | |
| Land and construction in progress | 1,323,414 | 75,000 | 1,398,414 |
| Other capital assets, net | 59,942,942 | 12,626,672 | 72,569,614 |
| Restricted Assets | | | |
| Investments | | 2,932,735 | 2,932,735 |
| Total Assets | <u>77,041,529</u> | <u>16,690,168</u> | <u>93,731,697</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 41,910 | | 41,910 |
| Total Deferred Outflows of Resources | <u>41,910</u> | <u>0</u> | <u>41,910</u> |
| LIABILITIES | | | |
| Cash overdraft | | 210,038 | 210,038 |
| Claims payable | 1,452,405 | 75,614 | 1,528,019 |
| Claims and judgements payable | 233,695 | | 233,695 |
| Intergovernmental payables | 275,230 | | 275,230 |
| Matured bonds and interest payable | 48,110 | | 48,110 |
| Accrued interest payable | 23,201 | 80,776 | 103,977 |
| Other payables | 183,901 | | 183,901 |
| Long-term liabilities | | | |
| Due within one year: | | | |
| Capital related debt | 1,606,269 | 660,000 | 2,266,269 |
| Non-capital debt | 19,212 | | 19,212 |
| Due in more than one year: | | | |
| Capital related debt | 4,378,924 | 14,004,488 | 18,383,412 |
| Non-capital debt | 228,414 | 30,783 | 259,197 |
| Total Liabilities | <u>8,449,361</u> | <u>15,061,699</u> | <u>23,511,060</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property tax for future reporting period | 6,805,871 | | 6,805,871 |
| Total Deferred Inflows of Resources | <u>6,805,871</u> | <u>0</u> | <u>6,805,871</u> |
| NET POSITION | | | |
| Net investment in capital assets | 55,281,163 | (1,962,816) | 53,318,347 |
| Restricted net position: | | | |
| General government | 237,714 | | 237,714 |
| Public safety | 549,880 | | 549,880 |
| Public works | 1,781,096 | 3,591,285 | 5,372,381 |
| Health and welfare | 79,456 | | 79,456 |
| Economic development | 195,333 | | 195,333 |
| Debt service | 488,264 | | 488,264 |
| Unemployment compensation | 166,476 | | 166,476 |
| Unassigned | 3,048,825 | | 3,048,825 |
| Total Net Position | <u>\$ 61,828,207</u> | <u>1,628,469</u> | <u>63,456,676</u> |

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

YAZOO COUNTY
Statement of Activities
For the Year Ended September 30, 2014

Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|--------------------------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Fines, Fees and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 4,766,105 | 624,317 | 135,341 | | (4,006,447) | | (4,006,447) |
| Public safety | 3,270,222 | 528,421 | 90,412 | | (2,651,389) | | (2,651,389) |
| Public works | 7,897,174 | 13,750 | 785,123 | 589,901 | (6,508,400) | | (6,508,400) |
| Health and welfare | 659,788 | | 277,498 | | (382,290) | | (382,290) |
| Culture and recreation | 197,325 | | | | (197,325) | | (197,325) |
| Conservation of natural resources | 146,502 | | | | (146,502) | | (146,502) |
| Economic development and assistance | 92,103 | | 85,707 | | (6,396) | | (6,396) |
| Interest on long-term debt | 144,583 | | | | (144,583) | | (144,583) |
| Total Governmental Activities | 17,173,802 | 1,166,488 | 1,374,081 | 589,901 | (14,043,332) | 0 | (14,043,332) |
| Business-type Activities: | | | | | | | |
| Regional Jail | 3,418,059 | 4,098,847 | | | | 680,788 | 680,788 |
| Total Business-type Activities | 3,418,059 | 4,098,847 | 0 | 0 | 0 | 680,788 | 680,788 |
| Total Primary Government | \$ 20,591,861 | 5,265,335 | 1,374,081 | 589,901 | (14,043,332) | 680,788 | (13,362,544) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | \$ 10,389,020 | | | 10,389,020 |
| Road & bridge privilege taxes | | | | 270,518 | | | 270,518 |
| Grants and contributions not restricted to specific programs | | | | 2,496,276 | | | 2,496,276 |
| Unrestricted investment income | | | | 71,317 | | 254 | 71,571 |
| Gain on sale of assets | | | | 205,010 | | | 205,010 |
| Miscellaneous | | | | 353,455 | | 102,829 | 456,284 |
| Total General Revenues | | | | 13,785,596 | | 103,083 | 13,888,679 |
| Changes in Net Position | | | | | (257,736) | 783,871 | 526,135 |
| Net Position - Beginning , as previously reported | | | | | 62,160,504 | 1,578,667 | 63,739,171 |
| Prior period adjustment | | | | | (74,561) | (734,069) | (808,630) |
| Net Position - Beginning, as restated | | | | | 62,085,943 | 844,598 | 62,930,541 |
| Net Position - Ending | | | | | \$ 61,828,207 | 1,628,469 | 63,456,676 |

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

YAZOO COUNTY
Balance Sheet - Governmental Funds
September 30, 2014

Exhibit 3

| | Major Funds | | | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|--------------------------------|
| | General Funds | General County Road Fund | Other Governmental Funds | |
| ASSETS | | | | |
| Cash | \$ 4,717,775 | 452,216 | 3,429,855 | 8,599,846 |
| Accrued interest receivable | 2,239 | 164 | 883 | 3,286 |
| Property tax receivable | 3,439,850 | 1,975,000 | 1,391,021 | 6,805,871 |
| Fines receivable, net of allowance for uncollectible of \$2,189,223 | 121,193 | | | 121,193 |
| Intergovernmental receivables | 148,776 | | 51,577 | 200,353 |
| Other receivables | 11,188 | | 21,866 | 33,054 |
| Advances to other funds | 63,571 | | 21,953 | 85,524 |
| Due from other funds | | 61,679 | 42,251 | 103,930 |
| Total Assets | \$ 8,504,592 | 2,489,059 | 4,959,406 | 15,953,057 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Claims payable | \$ 988,652 | 146,664 | 317,089 | 1,452,405 |
| Claims and judgements payable | 233,695 | | | 233,695 |
| Intergovernmental payables | 275,230 | | | 275,230 |
| Advances from other funds | | | 73,953 | 73,953 |
| Due to other funds | 111,716 | | | 111,716 |
| Matured bonds and interest payable | | | 48,110 | 48,110 |
| Other payables | 176,116 | | | 176,116 |
| Total Liabilities | 1,785,409 | 146,664 | 439,152 | 2,371,225 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - property taxes | 3,439,850 | 1,975,000 | 1,391,021 | 6,805,871 |
| Unavailable revenue - fines | 121,193 | | | 121,193 |
| Total Deferred Inflows of Resources | 3,561,043 | 1,975,000 | 1,391,021 | 6,927,064 |
| Fund Balances: | | | | |
| Nonspendable | | | | |
| Advances | 63,571 | | 21,953 | 85,524 |
| Restricted | | | | |
| General government | | | 237,714 | 237,714 |
| Public safety | | | 549,880 | 549,880 |
| Public works | | 367,395 | 1,413,701 | 1,781,096 |
| Health and welfare | | | 57,503 | 57,503 |
| Economic development | | | 195,333 | 195,333 |
| Unemployment compensation | | | 166,476 | 166,476 |
| Debt service | | | 511,465 | 511,465 |
| Unassigned | 3,094,569 | | (24,792) | 3,069,777 |
| Total Fund Balances | 3,158,140 | 367,395 | 3,129,233 | 6,654,768 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 8,504,592 | 2,489,059 | 4,959,406 | 15,953,057 |

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

YAZOO COUNTY
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
 September 30, 2014

Exhibit 3-1

| | <u>Amount</u> |
|--|----------------------|
| Total fund balance - governmental funds (Exhibit 3) | \$ 6,654,768 |
| Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because: | |
| Capital assets, net of accumulated depreciation of \$74,557,704, are used in governmental activities, are not financial resources and, therefore, are not reported in the funds. | 61,266,356 |
| Deferred amount on refunding. | 41,910 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | |
| Fines receivable, net of allowance for doubtful accounts \$2,189,223. | 121,193 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (6,232,819) |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | <u>(23,201)</u> |
| Total net position - governmental activities (Exhibit 1) | <u>\$ 61,828,207</u> |

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

YAZOO COUNTY

Exhibit 4

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 | General County Road Fund | Other Governmental Funds | |
| REVENUES | | | | |
| Property taxes | \$ 4,537,929 | 2,829,363 | 3,021,277 | 10,388,569 |
| Road and bridge privilege taxes | | 270,518 | | 270,518 |
| Licenses, commissions and other revenue | 465,296 | | 7,543 | 472,839 |
| Fines and forfeitures | 184,773 | | 440 | 185,213 |
| Intergovernmental revenues | 2,714,380 | 682,923 | 1,062,955 | 4,460,258 |
| Charges for services | 88,830 | | 417,824 | 506,654 |
| Interest income | 67,786 | 540 | 2,992 | 71,318 |
| Miscellaneous revenues | 80,459 | 61,466 | 195,779 | 337,704 |
| Total Revenues | 8,139,453 | 3,844,810 | 4,708,810 | 16,693,073 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,307,363 | | 352,330 | 4,659,693 |
| Public safety | 2,531,305 | | 883,391 | 3,414,696 |
| Public works | | 3,313,022 | 1,622,422 | 4,935,444 |
| Health and welfare | 166,886 | | 483,705 | 650,591 |
| Culture and recreation | 197,325 | | | 197,325 |
| Conservation of natural resources | 145,870 | | | 145,870 |
| Economic development and assistance | 23,939 | | 68,164 | 92,103 |
| Debt service: | | | | |
| Principal | 66,183 | 430,137 | 1,042,006 | 1,538,326 |
| Interest | 4,417 | 30,417 | 112,858 | 147,692 |
| Fiscal agent fees | | | 6,519 | 6,519 |
| Total Expenditures | 7,443,288 | 3,773,576 | 4,571,395 | 15,788,259 |
| Excess of Revenues over (under) Expenditures | 696,165 | 71,234 | 137,415 | 904,814 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term capital debt issued | 86,937 | 72,653 | | 159,590 |
| Proceeds from sale of capital assets | | | 221,000 | 221,000 |
| Compensation for loss of capital assets | | 15,747 | | 15,747 |
| Transfers in | | | 127,048 | 127,048 |
| Transfers out | (127,048) | | | (127,048) |
| Total Other Financing Sources and Uses | (40,111) | 88,400 | 348,048 | 396,337 |
| Net Changes in Fund Balances | 656,054 | 159,634 | 485,463 | 1,301,151 |
| Fund Balances - Beginning | 2,502,086 | 207,761 | 2,643,770 | 5,353,617 |
| Fund Balances - Ending | \$ 3,158,140 | 367,395 | 3,129,233 | 6,654,768 |

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

YAZOO COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

| | <u>Amount</u> |
|--|---------------------|
| Net changes in fund balances - total governmental funds (Exhibit 4) | \$ 1,301,151 |
| 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 depreciation \$3,797,666 exceeded capital outlays \$906,645 and expense related to cancelled projects \$29,705 in the current period. | (2,920,726) |
| In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decrease financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$205,010 and the proceeds of sales of capital assets of \$221,000. | (15,990) |
| Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. | 2,234 |
| 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 of debt issued of \$159,590, debt repayments of \$1,538,326, and related amortization of premiums of \$3,472. | 1,382,208 |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long- term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items: | |
| Amortization of refunding charges on long-term debt | (7,274) |
| Change in compensated absences | (6,249) |
| Accrued interest payable | 6,911 |
| Change in net position of governmental activities (Exhibit 2) | \$ <u>(257,735)</u> |

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

YAZOO COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2014

Exhibit 5

| | Business-type Activities |
|-----------------------------------|-------------------------------|
| | <u>Governmental</u> |
| | <u>Enterprise Fund</u> |
| | <u>Regional Jail Fund</u> |
| ASSETS | |
| Current assets: | |
| Cash | 42 |
| Accounts receivable | |
| Housing prisoners | 1,067,290 |
| Total Current Assets | <u>1,067,332</u> |
| Noncurrent assets: | |
| Restricted assets | |
| Investments – cash equivalent | 2,932,735 |
| Capital assets: | |
| Land and construction in progress | 75,000 |
| Other capital assets, net | 12,626,672 |
| Total Noncurrent Assets | <u>15,634,407</u> |
| Total Assets | <u>16,701,739</u> |
| LIABILITIES | |
| Current liabilities: | |
| Cash overdraft | 210,038 |
| Claims payable | 75,614 |
| Advances from other funds | 11,571 |
| Compensated absences | 30,783 |
| Interest payable | 80,776 |
| Total Current Liabilities | <u>408,782</u> |
| Noncurrent liabilities | |
| Capital debt: | |
| Bonds payable | 14,664,488 |
| Total Noncurrent Liabilities | <u>14,664,488</u> |
| Total Liabilities | <u>15,073,270</u> |
| NET POSITION | |
| Net investment in capital assets | (1,962,816) |
| Restricted for: | |
| Public Safety | 3,591,285 |
| Total Net Position | <u>\$ 1,628,469</u> |

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

YAZOO COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended September 30, 2014

| | Business-type Activities |
|--|-----------------------------|
| | <u>Governmental</u> |
| | <u>Enterprise Fund</u> |
| | Regional Jail Fund |
| Operating Revenues | |
| Charges for services | \$ 4,098,847 |
| Miscellaneous | 102,829 |
| Total Operating Revenues | <u>4,201,676</u> |
| Operating Expenses | |
| Personal services | 1,523,672 |
| Contractual services | 831,664 |
| Materials and supplies | 176,427 |
| Depreciation expense | 292,463 |
| Total Operating Expenses | <u>2,824,226</u> |
| Operating Income (Loss) | <u>1,377,450</u> |
| Nonoperating Revenues (Expenses) | |
| Interest expense | (593,833) |
| Interest income | 254 |
| Capital/Operating grants | |
| Net Nonoperating Revenue (Expenses) | <u>(593,579)</u> |
| Changes in Net Position | <u>783,871</u> |
| Net Position - Beginning, as previously reported | 1,578,667 |
| Prior period adjustment | (734,069) |
| Net Position - Beginning, as restated | <u>844,598</u> |
| Net Position - Ending | <u>\$ 1,628,469</u> |

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

YAZOO COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2014

Exhibit 7

| | Business-type Activities |
|---|-------------------------------|
| | <u>Governmental</u> |
| | <u>Enterprise Fund</u> |
| | <u>Regional Jail Fund</u> |
| Cash Flows From Operating Activities | |
| Miscellaneous receipts | \$ 102,829 |
| Charges for services | 4,222,400 |
| Payments to suppliers | (1,073,214) |
| Payments to employees | (1,573,223) |
| Net Cash Provided (Used) by Operating Activities | <u>1,678,792</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Principal paid on debt | (640,000) |
| Interest paid on debt | (665,408) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(1,305,408)</u> |
| Cash Flows From Investing Activities | |
| Interest on deposits | 254 |
| Net Cash Provided (Used) by Investing Activities | <u>254</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 373,638 |
| Cash and Cash Equivalents at Beginning of Year | <u>2,349,101</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 2,722,739</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating income (loss) | \$ 1,377,450 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | 292,463 |
| (Increase) decrease in accounts receivable | 123,553 |
| Increase (decrease) in claims payable | (65,123) |
| Increase (decrease) in compensated absences liability | (49,551) |
| Total Adjustments | <u>301,342</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,678,792</u> |

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

YAZOO COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2014

Exhibit 8

| | <u>Agency Funds</u> |
|----------------------|-------------------------|
| ASSETS | |
| Cash | \$ 209,661 |
| Due from other funds | <u>7,786</u> |
| Total Assets | <u>\$ 217,447</u> |
| LIABILITIES | |
| Other liabilities | <u>\$ 217,447</u> |
| Total Liabilities | <u>\$ 217,447</u> |

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

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Yazoo County Port Commission

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

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

B. Individual Component Unit Disclosures.

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:

- Yazoo County Human Resource Agency

YAZOO COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

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 blended component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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

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

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

The county reports the following major Governmental Funds:

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

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

The county reports the following major Proprietary Fund:

Regional Jail - This fund is used to account for the activities of the regional jail.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

FIDUCIARY FUND TYPE

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

PROPRIETARY FUND TYPE

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. 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. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

I. Capital Assets.

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

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

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

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

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

J. Deferred Outflows/Inflows of Resources.

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

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a

YAZOO COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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

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.

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

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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (assigned or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (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 assigned resources first and then unassigned amounts.

YAZOO COUNTY

Notes to Financial Statements For the Year Ended September 30, 2014

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.

Governmental 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. The county currently has \$85,524 reported as nonspendable fund balances.

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. The county currently has \$3,499,467 reported as restricted fund balances.

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. The county reports no committed fund balances.

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. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972). The county reports no assigned fund balances.

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

Fund Balance Flow Assumption:

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

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

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility 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 and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Change in Accounting Standard.

The county implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

| <u>Explanation</u> | <u>Amount</u> |
|---|------------------|
| Governmental Activities: | |
| Implementation of GASB Statement 65, <i>Items Previously Reported as Assets and Liabilities</i> –Bond issue costs | \$ 74,561 |
| Total prior period adjustments | \$ <u>74,561</u> |

Business-type Activities:

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

| | |
|--|--------------------------|
| Implementation of GASB Statement 65, <i>Items Previously Reported as Assets and Liabilities</i> – Bond issue costs | \$ <u>734,069</u> |
| Total prior period adjustments | \$ <u><u>734,069</u></u> |

(3) Deposits and Investments.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$8,599,511, and the bank balance was \$9,374,998. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial 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.

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.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the operations of the Yazoo County Regional Correctional Facility:

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 Government Money Market Fund | Less than one year | \$ 2,932,735 | AAAm |

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

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

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|---------------------|-------------------|
| General County Road | General Fund | \$ 61,679 |
| Other Governmental Funds | General Fund | 42,251 |
| Agency Funds | General Fund | <u>7,786</u> |
| Total | | <u>\$ 111,716</u> |

Amounts listed are the tax revenues 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.

B. Advances From/To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|--------------------------|------------------|
| General Fund | Proprietary Fund | \$ 11,571 |
| General Fund | Other Governmental Funds | 52,000 |
| Other Governmental Funds | Other Governmental Funds | <u>21,953</u> |
| Total | | <u>\$ 85,524</u> |

Amounts listed represent amounts paid in 2010 for the Regional Jail construction and matching funds to start up Human Resource Agency federal programs in fiscal year 2005.

C. Transfers In/Out:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amount</u> |
|--------------------------|---------------------|-------------------|
| Other Governmental Funds | General Fund | \$ 127,048 |
| Total | | <u>\$ 127,048</u> |

The purpose of these interfund transfers was to provide funds for Human Resource Agency grant matches.

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(5) Intergovernmental Receivables.

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

| <u>Description</u> | <u>Amount</u> |
|--|---------------------|
| Governmental Activities: | |
| Legislative tag credit | \$ 126,733 |
| Homeland security grants | 7,278 |
| Highway safety grant | 9,826 |
| Human Resource Agency grants | 51,577 |
| Other state revenue – Department of Human Services | <u>4,939</u> |
| Total Governmental Activities | <u>\$ 200,353</u> |
| Business-type Activities: | |
| State of Mississippi for housing inmates | \$ 258,510 |
| Local governments for housing inmates | <u>808,780</u> |
| Total Business-type Activities | <u>\$ 1,067,290</u> |

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2014:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments *</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|----------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,293,543 | | | | 1,293,543 |
| Construction in progress | 787,997 | 113,840 | 29,705 | (842,261) | 29,871 |
| Total capital assets, not being depreciated | <u>2,081,540</u> | <u>113,840</u> | <u>29,705</u> | <u>(842,261)</u> | <u>1,323,414</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 6,178,999 | | | | 6,178,999 |
| Improvements other than buildings | 3,425,186 | | | | 3,425,186 |
| Mobile equipment | 3,906,072 | 669,427 | 159,899 | | 4,415,600 |
| Furniture and equipment | 1,033,827 | | | | 1,033,827 |
| Property under capital leases | 4,845,498 | 123,378 | | | 4,968,876 |
| Infrastructure | <u>113,635,897</u> | | | 842,261 | <u>114,478,158</u> |
| Total capital assets being depreciated | <u>133,025,479</u> | <u>792,805</u> | <u>159,899</u> | <u>842,261</u> | <u>134,500,646</u> |

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments *</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|----------------------|---------------------------|
| Less: Accumulated depreciation for: | | | | | |
| Buildings | 2,127,739 | 121,867 | | | 2,249,606 |
| Improvements other than buildings | 2,740,149 | | | | 2,740,149 |
| Mobile equipment | 3,211,488 | 250,664 | 143,909 | | 3,318,243 |
| Furniture and equipment | 887,456 | 14,269 | | | 901,725 |
| Property under capital leases | 1,235,385 | 562,839 | | | 1,798,224 |
| Infrastructure | 60,701,730 | 2,848,027 | | | 63,549,757 |
| Total accumulated depreciation | <u>70,903,947</u> | <u>3,797,666</u> | <u>143,909</u> | <u>0</u> | <u>74,557,704</u> |
| Total capital assets, being depreciated, net | <u>62,121,532</u> | <u>(3,004,861)</u> | <u>15,990</u> | <u>842,261</u> | <u>59,942,942</u> |
| Governmental activities capital assets, net | <u>\$ 64,203,072</u> | <u>(2,891,021)</u> | <u>45,695</u> | <u>0</u> | <u>61,266,356</u> |

* Adjustments are made to move completed construction projects to infrastructure assets.

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|--------------------|---------------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | <u>\$ 75,000</u> | | | | <u>75,000</u> |
| Total capital assets, not being depreciated | <u>75,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>75,000</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 14,020,892 | | | | 14,020,892 |
| Mobile equipment | 49,965 | | | | 49,965 |
| Furniture and equipment | 33,513 | | | | 33,513 |
| Total capital assets being depreciated | <u>14,104,370</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>14,104,370</u> |
| Less: Accumulated depreciation for: | | | | | |
| Buildings | 1,121,676 | 280,419 | | | 1,402,095 |
| Mobile equipment | 37,101 | 7,868 | | | 44,969 |
| Furniture and equipment | 26,458 | 4,176 | | | 30,634 |
| Total accumulated depreciation | <u>1,185,235</u> | <u>292,463</u> | <u>0</u> | <u>0</u> | <u>1,477,698</u> |
| Total capital assets, being depreciated, net | <u>12,919,135</u> | <u>(292,463)</u> | <u>0</u> | <u>0</u> | <u>12,626,672</u> |
| Business-type activities capital assets, net | <u>\$ 12,994,135</u> | <u>(292,463)</u> | <u>0</u> | <u>0</u> | <u>12,701,672</u> |

Depreciation expense was charged to the following functions:

| | <u>Governmental Funds</u> | <u>Proprietary Funds</u> |
|--|-------------------------------|------------------------------|
| Governmental activities: | | |
| General government | \$ 140,982 | |
| Public safety | 102,185 | 292,463 |
| Public works | 3,546,337 | |
| Health and welfare | 8,162 | |
| Total depreciation expense - governmental activities | <u>\$ 3,797,666</u> | <u>292,463</u> |

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 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.

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has 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. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2013 and 2014:

| | <u>2013</u> | <u>2014</u> |
|--|--------------------|--------------------|
| Claims Liability, Beginning of Fiscal Year | \$ 231,757 | 216,834 |
| Incurred Claims | 2,210,475 | 2,169,820 |
| Less: Claim Payments | <u>(2,225,398)</u> | <u>(2,152,959)</u> |
| Claims Liability, End of Fiscal Year | \$ <u>216,834</u> | <u>233,695</u> |

(8) Capital Leases.

As Lessee:

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

| Asset: | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| Machinery and equipment | \$ 4,968,876 |
| Less: Accumulated depreciation | <u>(1,798,224)</u> |
| Total | <u>\$ 3,170,652</u> |

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

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

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | |
|----------------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 748,148 | 36,964 |
| 2016 | 723,698 | 23,448 |
| 2017 | 592,350 | 10,780 |
| 2018 | 17,449 | 383 |
| Total | <u>\$ 2,081,645</u> | <u>71,575</u> |

(9) Other Postemployment Benefits.

Plan Description.

The Yazoo County Board of Supervisors administers the county's health insurance plan which is authorized by Sections 25-15-101 et seq., Miss. Code Ann. (1972). The county's health insurance plan may be amended by the Yazoo County Board of Supervisors. The county provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the county's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement 45 as an agent multiple-employer health care plan. However, the county has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The county does not issue a publicly available financial report for the Plan.

(10) Long-term Debt.

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

| <u>Description and Purpose</u> | <u>Amount Outstanding</u> | <u>Interest Rate</u> | <u>Final Maturity Date</u> |
|--------------------------------|---------------------------|----------------------|----------------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| 2012 general obligation bond | \$ 2,090,000 | 1.6%-2.25% | 10/01/22 |
| 2002A refunding bond | 155,000 | 4.38% | 01/01/16 |
| 2010 refunding bond | <u>1,430,000</u> | 3.0%-3.50% | 02/01/20 |
| Total General Obligation Bonds | <u>\$ 3,675,000</u> | | |
| B. Loans: | | | |
| Fire trucks | \$ 210,406 | 2.00% | 04/01/19 |
| Fire department renovation | <u>19,212</u> | 1.80% | 09/30/15 |
| Total Loans | <u>\$ 229,618</u> | | |

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|-----------------------------|---------------------|---------------|---------------------|
| C. Capital Leases: | | | |
| Solid waste equipment | \$ 331,892 | 1.37% | 11/16/16 |
| Solid waste equipment | 113,803 | 1.63% | 09/12/16 |
| Communications equipment | 24,252 | 4.32% | 06/01/15 |
| Computer upgrade | 31,249 | 3.41% | 02/15/16 |
| Two Mack trucks | 136,685 | 1.90% | 06/01/17 |
| Paver | 148,256 | 1.90% | 05/01/16 |
| Sheriff's vehicles | 139,417 | 1.60% | 09/01/16 |
| Road equipment | 127,923 | 1.62% | 04/04/17 |
| Defibrillators | 39,285 | 4.59% | 10/31/16 |
| Road equipment | 848,505 | 1.77% | 08/01/17 |
| Sheriff's truck | 24,604 | 2.18% | 08/04/18 |
| Search & rescue boat | 43,111 | 2.18% | 07/09/18 |
| Tractor & mower | 72,663 | 1.56% | 10/28/17 |
| Total Capital Leases | \$ 2,081,645 | | |

Business-type Activities

| | | | |
|---------------|---------------|--------------|----------|
| Bonds: | | | |
| Regional Jail | \$ 14,885,000 | 2.00%- 4.85% | 07/01/30 |

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

Governmental Activities:

| Year Ending September 30, | General Obligation Bonds | | Loans | |
|---------------------------|--------------------------|----------------|----------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 815,000 | 42,712 | 62,333 | 4,056 |
| 2016 | 485,000 | 66,997 | 43,991 | 2,936 |
| 2017 | 420,000 | 54,872 | 44,879 | 2,048 |
| 2018 | 435,000 | 45,712 | 45,785 | 1,142 |
| 2019 | 450,000 | 35,791 | 32,630 | 249 |
| 2020-2023 | 1,070,000 | 54,122 | | |
| Total | \$ 3,675,000 | 300,206 | 229,618 | 10,431 |

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

Business-type Activities:

| Year Ending September 30, | Limited Obligation Bonds | |
|---------------------------|--------------------------|-----------|
| | Principal | Interest |
| 2015 | \$ 660,000 | 646,209 |
| 2016 | 680,000 | 625,584 |
| 2017 | 700,000 | 602,634 |
| 2018 | 725,000 | 577,258 |
| 2019 | 755,000 | 549,709 |
| 2020-2024 | 4,265,000 | 2,253,070 |
| 2025-2029 | 5,310,000 | 1,213,720 |
| 2030-2031 | 1,790,000 | 114,460 |
| Total | \$ 14,885,000 | 6,582,644 |

Pledge of Future Revenues - The county has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$17,745,000 in limited obligation urban renewal revenue bonds issued in July 2009. Proceeds from the bonds provided financing for the construction of the Yazoo County Regional Correctional Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through July 1, 2031. In addition, a portion of the proceeds from these bonds was used to purchase a financial guaranty insurance policy that unconditionally and irrevocably guarantees the payment of principal and interest on these bonds as such payments become due. The total principal and interest remaining to be paid on the bonds is \$21,467,644.

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 the 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 0.96% of the latest property assessments.

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

| | Balance Oct. 1, 2013 | Additions | Reductions | Balance Sept. 30, 2014 | Amount due within one year |
|---------------------------------|-------------------------|-----------|------------|---------------------------|-------------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 222,165 | 6,249 | | 228,414 | |
| General obligation bonds | 4,465,000 | | 790,000 | 3,675,000 | 815,000 |
| Add: Bond premium | 21,614 | | 3,472 | 18,142 | |
| | 4,708,779 | 6,249 | 793,472 | 3,921,556 | 815,000 |
| Other loans | 252,640 | 19,212 | 42,234 | 229,618 | 62,333 |
| Capital leases | 2,647,359 | 140,378 | 706,092 | 2,081,645 | 748,148 |
| Total | \$ 7,608,778 | 165,839 | 1,541,798 | 6,232,819 | 1,625,481 |

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

| | Balance Oct. 1, 2013 | Additions | Reductions | Balance Sept. 30, 2014 | Amount due within one year |
|----------------------------------|-------------------------|-----------|----------------|---------------------------|-------------------------------------|
| Business-type Activities: | | | | | |
| Regional Jail: | | | | | |
| Bonds | \$ 15,525,000 | | 640,000 | 14,885,000 | 660,000 |
| Less: Bond discount | (234,513) | | (14,001) | (220,512) | |
| | <u>15,290,487</u> | <u>0</u> | <u>625,999</u> | <u>14,664,488</u> | <u>660,000</u> |
| Compensated absences | 80,334 | 0 | 49,551 | 30,783 | 0 |
| Total | <u>\$ 15,370,821</u> | <u>0</u> | <u>675,550</u> | <u>14,695,271</u> | <u>660,000</u> |

(11) Deficit Fund Balances of Individual Funds.

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

| Fund | Amount |
|---------------------------------|------------------|
| Governmental Activities: | |
| Human Resource Agency | |
| Congregate Meals | \$ 22,303 |
| Title V | <u>2,488</u> |
| | <u>\$ 24,791</u> |

(12) Contingencies.

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

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

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(13) Related Organizations.

The Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations do not extend beyond making appointments. The county periodically makes small appropriations to these organizations:

Eden Drainage District
Silver Creek Drainage District
Fifteen Mile Bayou Water Management District
Rocky Bayou Drainage District
Atchafalaya Drainage District
Yazoo County Convention and Visitor's Bureau

(14) Joint Ventures.

The county participates in the following joint venture:

Yazoo County participates with Yazoo City in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to operate the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and county and is governed by a ten-member board, with five members appointed by Yazoo City and five members appointed by the Yazoo County Board of Supervisors. By contractual agreement, the county's appropriation to the joint venture was \$46,075 in fiscal year 2014. Complete financial statements for the Yazoo Recreation Commission can be obtained from the Yazoo Recreation Commission, P.O. Box 9, Yazoo City, MS 39194.

(15) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Yazoo County Board of Supervisors appoints two of the 22 members of the board of trustees. The county appropriated \$579,034 for maintenance and support of the college in fiscal year 2014.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Yazoo County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county appropriated \$31,284 for support of the district in fiscal year 2014.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Yazoo County Board of Supervisors appoints three of the 33 members of the board of directors. The county appropriated \$6,263 for support of the district in fiscal year 2014.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Rankin, Scott, Smith, Warren and Yazoo. The Yazoo County Board of Supervisors appoints two of the 26 members of the board. The county provides minimal support for the district.

YAZOO COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2014

(16) Defined Benefit Pension Plan.

Plan Description. Yazoo County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the county is required to contribute 15.75% of the 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 \$835,199, \$766,425 and \$666,604, respectively, equal to the required contributions for each year.

(17) Subsequent Events.

Yazoo County has evaluated events and transactions for potential recognition or disclosure through October 30, 2015, which is the date the financial statements were available to be issued. The following transactions were determined to be applicable for disclosure in the financial statements:

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Issue Amount</u> | <u>Type of Financing</u> | <u>Source of Financing</u> |
|-------------------|----------------------|---------------------|--------------------------|----------------------------|
| 10/17/2014 | 2.033% | \$ 19,188 | Lease purchase | Ad valorem taxes |
| 01/29/2015 | 2.035% | \$ 275,000 | Lease purchase | Ad valorem taxes |

YAZOO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

YAZOO COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2014

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 4,219,843 | 4,521,940 | 4,521,940 | |
| Licenses, commissions and other revenue | 335,000 | 468,579 | 468,579 | |
| Fines and forfeitures | 165,354 | 181,909 | 181,909 | |
| Intergovernmental revenues | 1,723,753 | 2,636,903 | 2,636,903 | |
| Charges for services | | 98,730 | 98,730 | |
| Interest income | 22,300 | 66,915 | 66,915 | |
| Miscellaneous revenues | 80,000 | 83,837 | 83,837 | |
| Total Revenues | <u>6,546,250</u> | <u>8,058,813</u> | <u>8,058,813</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,239,618 | 4,249,950 | 4,249,950 | |
| Public safety | 2,436,748 | 2,639,677 | 2,639,677 | |
| Health and welfare | 194,040 | 179,531 | 179,531 | |
| Culture and recreation | 211,075 | 197,325 | 197,325 | |
| Conservation of natural resources | 145,134 | 142,544 | 142,544 | |
| Economic development and assistance | 49,035 | 23,389 | 23,389 | |
| Debt service: | | | | |
| Principal | 70,600 | 66,183 | 66,183 | |
| Interest | | 4,417 | 4,417 | |
| Total Expenditures | <u>7,346,250</u> | <u>7,503,016</u> | <u>7,503,016</u> | <u>0</u> |
| Excess of Revenues over (under) Expenditures | <u>(800,000)</u> | <u>555,797</u> | <u>555,797</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Long-term capital debt issued | | 86,937 | 86,937 | |
| Transfers out | | (127,048) | (127,048) | |
| Total Other Financing Sources and Uses | <u>0</u> | <u>(40,111)</u> | <u>(40,111)</u> | <u>0</u> |
| Net Change in Fund Balance | <u>(800,000)</u> | <u>515,686</u> | <u>515,686</u> | <u>0</u> |
| Fund Balances - Beginning | <u>800,000</u> | <u>3,674,487</u> | <u>3,674,487</u> | <u>0</u> |
| Fund Balances - Ending | <u>\$ 0</u> | <u>4,190,173</u> | <u>4,190,173</u> | <u>0</u> |

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

YAZOO COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General County Road Fund
 For the Year Ended September 30, 2014

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 2,616,016 | 2,819,494 | 2,819,494 | |
| Road and bridge privilege taxes | 271,044 | 269,135 | 269,135 | |
| Licenses, commissions and other revenue | | | | |
| Fines and forfeitures | | | | |
| Intergovernmental revenues | 538,000 | 682,923 | 682,923 | |
| Interest income | 4,474 | 489 | 489 | |
| Miscellaneous revenues | 1,000 | 62,759 | 62,759 | |
| Total Revenues | <u>3,430,534</u> | <u>3,834,800</u> | <u>3,834,800</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 3,005,000 | 3,271,420 | 3,271,420 | |
| Principal | 485,534 | 430,137 | 430,137 | |
| Interest | | 30,417 | 30,417 | |
| Total Expenditures | <u>3,490,534</u> | <u>3,731,974</u> | <u>3,731,974</u> | <u>0</u> |
| Excess of Revenues over (under) Expenditures | <u>(60,000)</u> | <u>102,826</u> | <u>102,826</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from long-term debt | | 72,653 | 72,653 | |
| Compensation for loss of capital assets | | 15,747 | 15,747 | |
| Total Other Financing Sources and Uses | <u>0</u> | <u>88,400</u> | <u>88,400</u> | <u>0</u> |
| Net Change in Fund Balance | (60,000) | 191,226 | 191,226 | 0 |
| Fund Balances - Beginning | <u>60,000</u> | <u>333,643</u> | <u>333,643</u> | <u>0</u> |
| Fund Balances - Ending | <u>\$ 0</u> | <u>524,869</u> | <u>524,869</u> | <u>0</u> |

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

YAZOO COUNTY

Notes to Required Supplementary Information
For the Year Ended September 30, 2014

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

| | <u>Governmental Fund Types</u> | |
|--|--------------------------------|------------------------------------|
| | <u>General Fund</u> | <u>General County Road</u> |
| Net Change in Fund Balance - Budget (Cash Basis) | \$ 515,686 | 191,226 |
| Increase (decrease): | | |
| Net adjustments for revenue accruals | 80,640 | 7,991 |
| Net adjustments for expenditure accruals | 59,728 | (39,583) |
| Net Change in Fund Balance GAAP Basis | <u>\$ 656,054</u> | <u>159,634</u> |

YAZOO COUNTY

SUPPLEMENTAL INFORMATION

YAZOO COUNTY

Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2014

Operating Expenditures, Cash Basis:

| | | |
|---|----|-----------------------|
| Salaries | \$ | 211,928 |
| Expendable Commodities: | | |
| Gasoline and petroleum products | | 64,955 |
| Repair parts | | 4,836 |
| Office, field and shop supplies | | 35,805 |
| Solid contract and disposal fee | | 210,718 |
| Insurance | | <u>1,201</u> |
| Solid Waste Cash Basis Operating Expenditures | | 529,443 |
| Full Cost Expenses: | | |
| Indirect administrative costs | | 1,911 |
| Depreciation on equipment | | 125,845 |
| Net effect of other accrued expenses | | <u>(9,014)</u> |
| Solid Waste Full Cost Operating Expenses | \$ | <u><u>648,185</u></u> |

YAZOO COUNTY

OTHER INFORMATION

YAZOO COUNTY

Schedule of Surety Bonds for County Officials - UNAUDITED

For the Year Ended September 30, 2014

| <u>Name</u> | <u>Position</u> | <u>Company</u> | <u>Bond</u> |
|-----------------------|----------------------------|--|-------------|
| Caleb Rivers | Supervisor - District 1 | Western Surety | \$100,000 |
| David Ford Berry, III | Supervisor - District 2 | Fidelity & Deposit Company of Maryland | \$100,000 |
| Willie Wright | Supervisor - District 3 | Fidelity & Deposit Company of Maryland | \$100,000 |
| Jayne H. Dew | Supervisor - District 4 | Western Surety | \$100,000 |
| Cobie Collins | Supervisor - District 5 | Brierfield Insurance Company | \$100,000 |
| Donna Kraft | County Administrator | Fidelity & Deposit Company of Maryland | \$100,000 |
| Quint Carver | Chancery Clerk | Brierfield Insurance Company | \$100,000 |
| Robert Coleman | Circuit Clerk | Western Surety | \$100,000 |
| Travis Crimm | Tax Collector | Travelers Casualty & Surety | \$100,000 |
| Beverly Ladner | Tax Assessor | Fidelity & Deposit Company of Maryland | \$50,000 |
| Jake Sheriff | Sheriff | Western Surety | \$100,000 |
| Bennie K. Warrington | Justice Court Judge | Travelers Casualty & Surety | \$50,000 |
| Pam I. May | Justice Court Judge | Brierfield Insurance Company | \$50,000 |
| Demetrius Westbrook | Justice Court Clerk | Fidelity & Deposit Company of Maryland | \$50,000 |
| Heather Nicholson | Deputy Justice Court Clerk | Western Surety | \$50,000 |
| BreAnna Taylor | Deputy Justice Court Clerk | Western Surety | \$50,000 |
| David Staring | Constable | State Farm Fire & Casualty | \$50,000 |
| Richard Smith | Constable | Western Surety | \$50,000 |
| Jessica Veazey | Purchase Clerk | Fidelity & Deposit Company of Maryland | \$75,000 |
| Tricia Y. Brumfield | Receiving Clerk | Western Surety | \$75,000 |
| Wade Woods | Assistant Receiving Clerk | Fidelity & Deposit Company of Maryland | \$50,000 |
| Howard Neal Hisaw | Assistant Receiving Clerk | Western Surety | \$50,000 |
| Glenda Fisher | Assistant Receiving Clerk | Fidelity & Deposit Company of Maryland | \$100,000 |
| Casandra Davis | Assistant Receiving Clerk | Fidelity & Deposit Company of Maryland | \$50,000 |
| Nellie Hollis | Assistant Receiving Clerk | Fidelity & Deposit Company of Maryland | \$50,000 |
| Patty Fletcher | Inventory Control Clerk | Fidelity & Deposit Company of Maryland | \$75,000 |
| Owen Graves | Road Manager | Fidelity & Deposit Company of Maryland | \$50,000 |
| Susan Jenkins | Deputy Tax Assessor | Fidelity & Deposit Company of Maryland | \$50,000 |
| Shirley Stewart | Deputy Tax Assessor | Western Surety | \$50,000 |
| Bobbijo Harber | Deputy Tax Assessor | Western Surety | \$50,000 |
| Patricia Aldridge | Deputy Sheriff | FCCI Insurance | \$50,000 |
| Pamela Dortch | Deputy Sheriff | Western Surety | \$50,000 |
| Ashley Saxton | Deputy Tax Collector | Fidelity & Deposit Company of Maryland | \$50,000 |
| Anita S. Crump | Deputy Tax Collector | Fidelity & Deposit Company of Maryland | \$50,000 |
| Linda Binkele | Deputy Tax Collector | Fidelity & Deposit Company of Maryland | \$50,000 |
| Mary Grace Jackson | Deputy Tax Collector | Fidelity & Deposit Company of Maryland | \$50,000 |
| Cathy Thompson | Deputy Circuit Clerk | Western Surety | \$50,000 |
| Janet Adams | Deputy Circuit Clerk | Western Surety | \$50,000 |
| Crystal D. Collins | Deputy Circuit Clerk | Fidelity & Deposit Company of Maryland | \$50,000 |

YAZOO COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

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
Yazoo County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yazoo 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 October 30, 2015. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities because the county did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

Our consideration of internal control 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 Responses, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2014-1 and 2014-2 to be material weaknesses.

Compliance and Other Matters

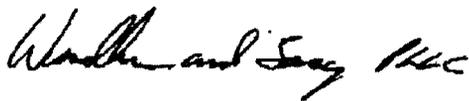
As part of obtaining reasonable assurance about whether Yazoo County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and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

We also noted certain matters which we have reported to the management of Yazoo County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 30, 2015, included within this document.

Yazoo County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Yazoo County's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Windham and Lacey, PLLC
October 30, 2015

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

Members of the Board of Supervisors
Yazoo County, Mississippi

We have examined Yazoo County, Mississippi's 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 Yazoo 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.

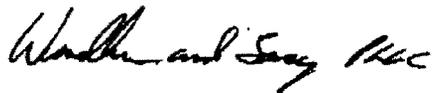
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered 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 Yazoo 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 the inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Yazoo 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 the examination.

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



Windham and Lacey, PLLC
October 30, 2015

YAZOO COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2014

Schedule 1

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount Paid</u> | <u>Vendor</u> |
|-------------|---------------------------|------------------------|------------------------------|
| 07/09/2014 | Rescue boat | \$ 42,790 | One Boat |
| 09/19/2014 | Freightliner fire truck | \$ 220,724 | Ferrara Fire Apparatus, Inc. |

YAZOO COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2014

Schedule 2

Our test results did not identify any emergency purchases.

YAZOO COUNTY
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.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

In planning and performing our audit of the financial statements of Yazoo County, Mississippi, for the year ended September 30, 2014, we considered Yazoo 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 Yazoo 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 October 30, 2015, on the financial statements of Yazoo County, Mississippi.

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

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

Circuit Clerk.

1. Finding

Section 9-1-45, Miss. Code Ann. (1972), requires the Circuit Clerk to file "a true and accurate annual report..." of revenues and expenses, not later than April 15 of each year. Although the annual report was filed timely, the Circuit Clerk reported expenses on the annual financial report that were either not allowed or were unsubstantiated by supporting documentation. The year-end totals on the fee journal did not equal amounts reported on the annual financial report. Without proper accounting for revenues and expenses, failure to file annual reports according to statute could result in loss or misappropriation of public funds.

Recommendation

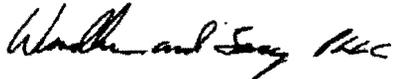
The Circuit Clerk should maintain fee journals that accurately account for revenues and expenses of the office and reconcile to bank statements. Fee journal totals should equal amounts reported on the annual financial report. In addition, the Circuit Clerk should report only expenses that are allowed and substantiated by supporting documentation on the annual financial report.

Circuit Clerk's Response

When the annual financial report was prepared I believed the amounts reported to be accurate and allowable. Upon finding that I had made errors, I contacted the Board of Supervisors and notified them of the errors. I will amend my annual financial report and I am making arrangements with the Board of Supervisors to pay additional amounts owed to the county.

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

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.



Windham and Lacey, PLLC
October 30, 2015

YAZOO COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

YAZOO COUNTY

Schedule of Findings and Responses
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: | |
| | Governmental activities | Qualified |
| | Business-type activities | Unmodified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unmodified |
| | General County Road Fund | Unmodified |
| | State Aid Road Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2014-1. Finding

Generally accepted accounting principles require the financial data of the county's component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting unit that include the financial data for its component units. The financial statements do not include the financial data for its component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

The Board of Supervisors should provide the audited financial data for its discretely presented component units for inclusion in the county's financial statements.

Board of Supervisors' Response

Yazoo County will not include component units in its financial statements.

YAZOO COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2014

Material Weakness

2014-2. Finding

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

Recommendation

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

Board of Supervisors' Response

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