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RANKIN COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015

**RANKIN COUNTY, MISSISSIPPI
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INDEPENDENT AUDITORS' REPORT

June 8, 2016

Members of the Board of Supervisors
Rankin County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County, Mississippi, as of and for the year ended September 30, 2015, 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.

Auditors' 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 auditors' 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 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 Rankin County, Mississippi, as of September 30, 2015, 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.

Basis for Qualified Opinion on the Governmental Activities

As discussed in Note 10 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 assets and charge the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

Unmodified Opinions

In our opinion, except for the effects of the matter discussed in the preceding sections, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of the Employer's Proportionate Share of the Net Pension Liability, the Schedule of the County's Contributions, and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rankin County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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 Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards is 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 June 8, 2016, on our consideration of Rankin 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 Rankin County, Mississippi's internal control over financial reporting and compliance.

Herzog CPA Company, PLLC
Herzog CPA Company, PLLC

**RANKIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

INTRODUCTION

The discussion and analysis of Rankin County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

Rankin County is located in Central Mississippi along Interstate I-20. The population, according to the 2010 census, is 141,617. The local economic base is driven by retail, industrial, and service.

FINANCIAL HIGHLIGHTS

Rankin County remains financially stable. The County, through the Board of Supervisors and County Administrator's Office continues to excel in fiscal management by employing sound financial planning, disciplined budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

There was an increase in expenses of \$5,448,081 from the prior year.

Total net position decreased \$(28,350,089) of which \$(32,933,983) was a prior period adjustment. This represents a 16% decrease from the prior fiscal year.

The County had \$68,640,901 in total revenue, which represents an increase of \$1,119,112 or 2% increase from the prior year. Property tax revenues account for \$42,442,074 or 62% of total revenues. Revenues in the form of revenues for operating and capital grants and contributions accounted for \$4,502,914 or 7% of total revenues. Revenues in the form of charges for services accounted for \$11,698,550 or 17% of total revenues.

The County had \$76,803,861 in total expenditures, which represents an increase of \$4,592,858 or 6% increase from the prior fiscal year.

Among major funds, the General Fund had \$35,696,596 in revenues and \$32,034,936 in expenditures. The General Fund's fund balance increased \$2,016,344 over the prior year.

Capital assets, net of accumulated depreciation, increased by \$8,761,317 over the prior year.

Long-term debt payments were \$5,982,236, for the fiscal year ended September 30, 2015. This was a total decrease in long-term debt of \$(513,167).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements. 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 - Required Components of the County's Annual Report

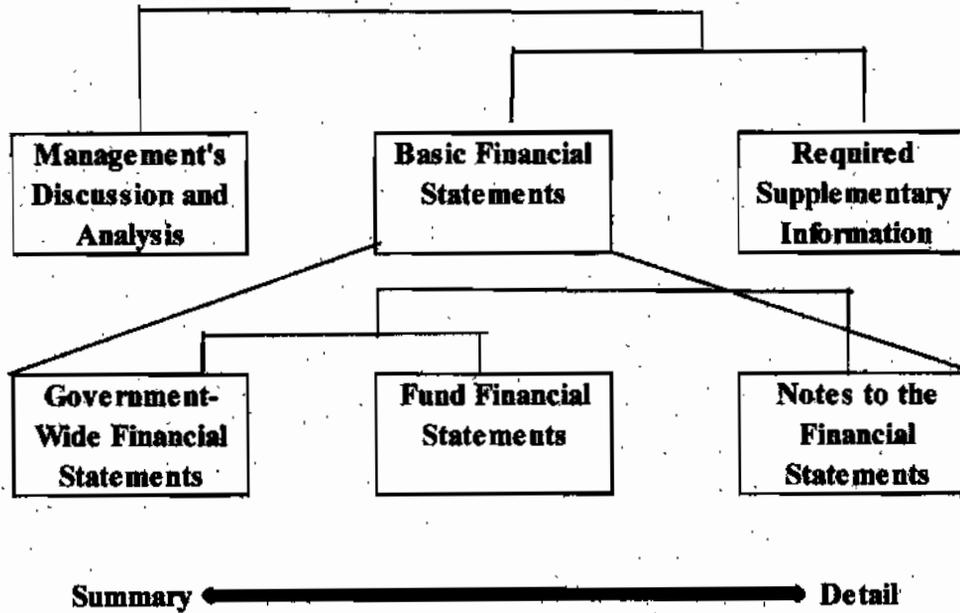


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 - Major Features of the County's Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All Activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; and interest on long-term debt.

These component units are not included in our basic financial statements:

- Rankin County Economic Development Authority
- Rankin County Human Resource Agency
- Cleary Water, Sewer, and Fire Protection District
- Evergreen Fire Protection District
- Lake Harbor Fire Protection District
- Reservoir Fire Protection District
- Robinhood Water, Sewer, and Fire Protection District
- Southwest Rankin County Fire Protection District
- Star Fire Protection District
- Richland Creek Watershed Drainage District

The Government-wide Financial Statements can be found on pages 17 and 18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenues, debt service, and capital project funds.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on page 20 and 22, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 19 and 21 of this report.

Proprietary Funds are used to account for the activities of the self-insurance internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 26 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are not included in this report; however, we expect them to be included in the Audit Report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 51 through 56 of this report.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Circular A-133 and can be found on page 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net position may serve over time as a useful indicator of government's financial position. In the case of Rankin County, assets exceeded liabilities by \$147,199,001 as of September 30, 2015, of which \$147,199,001 was governmental activities and none was business-type activities.

The largest portion of the County's assets, 61% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease, and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net position at September 30, 2015, as compared to September 30, 2014.

	Governmental Activities	
	2015	2014
Current Assets	\$ 111,404,194	\$ 109,583,125
Non-Current Assets	177,707,734	168,946,417
Total Assets	\$ 289,111,928	\$ 278,529,542
Deferred Outflows of Resources	\$ 7,671,032	\$ -
Current Liabilities	\$ 7,290,122	\$ 46,032,249
Long-term Debt outstanding	56,435,036	56,948,203
Net Pension Liability	43,282,478	-
Total Liabilities	107,007,636	102,980,452
Deferred Inflows of Resources	42,576,323	-
Net Position:		
Net Investment in Capital Assets	122,485,694	113,225,916
Restricted	37,452,898	61,106,796
Unrestricted	(12,739,591)	1,216,378
Total Net Position	\$ 147,199,001	\$ 175,549,090

Changes in Net Position - Rankin County's total revenues for the fiscal year ended September 30, 2015 were \$68,640,901. The total cost for all services provided was \$64,057,007. The decrease in net position was \$(28,350,089). The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2015, as compared to fiscal year September 30, 2014.

	Governmental Activities	
	2015	2014
Revenues:		
Program Revenues:		
Charges for Services	\$ 11,698,550	\$ 10,929,906
Operating Grants and Revenues	3,259,196	3,668,734
Capital Grants and Contributions	1,243,718	1,984,051
General Revenues:		
Property Taxes	42,442,074	40,377,427
Road and Bridge Privilege Taxes	2,019,472	1,981,198
Unrestricted Grants	6,226,160	5,821,917
Other Revenue	1,751,731	2,758,556
Total Revenues	68,640,901	67,521,789
Expenses:		
General Government	18,937,169	14,794,199
Public Safety	19,659,010	17,996,857
Public Works	21,821,751	22,149,666
Health and Welfare	1,243,684	1,260,311
Culture and Recreation	36,262	64,671
Conservation of Natural Resources	273,390	269,928
Economic Development	146,382	149,772
Interest on Long-Term Debt	1,722,759	1,923,522
Other Debt Service Costs	216,600	-
Total Expenses	64,057,007	58,608,926
Prior period adjustment	(32,933,983)	(6,546)
Increase (Decrease) in Net Position	\$ (28,350,089)	\$ 8,906,317

Governmental Activities - The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development, and Interest on Long-term debt.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Rankin County's taxpayers by each of these functions.

	2015		2014	
	Total Costs	Net Costs	Total Costs	Net Costs
General Government	\$ 18,937,169	\$ (15,178,657)	\$ 14,794,199	\$ (12,397,838)
Public Safety	19,659,010	(13,322,244)	17,996,857	(14,310,056)
Public Works	21,821,751	(15,980,262)	22,149,666	(12,026,013)
Health and Welfare	1,243,684	(978,987)	1,260,311	(884,435)
Culture and Recreation	36,262	(36,262)	64,671	(64,671)
Conservation of Natural Resources	273,390	(273,390)	269,928	(269,928)
Economic Development and Assistance	146,382	(146,382)	149,772	(149,772)
Interest on Long-term Debt	1,722,759	(1,722,759)	1,923,522	(1,923,522)
Other Debt Service Costs	216,600	(216,600)	-	-
Total	\$ 64,057,007	\$ (47,855,543)	\$ 58,608,926	\$ (42,026,235)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds - At the close of the fiscal year, Rankin County's governmental funds reported a combined fund balance of \$61,343,745, a decrease of \$(1,590,519). The primary reasons for this decrease is highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$2,016,344.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Rankin County revised its annual operating budget on several occasions. At the end of the fiscal year, Rankin County amended its budget to reflect actual revenues received and expenditures made.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2015, Rankin County's total capital assets were \$177,707,734. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and leased property under capital leases.

Total accumulated depreciation as of September 30, 2015 was \$193,918,280, including \$5,307,445 of depreciation expense for the year. The balance in total net position was \$123,434,130 at year-end.

Additional information on Rankin County's capital assets can be found in Note 6 on Page 37 of this report.

Debt Administration - At September 30, 2015, Rankin County had \$56,435,036 in long-term debt outstanding. This includes general obligation bonds, other loans, compensated absences and obligations under capital leases. Of this debt, \$6,431,319 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of 190 million dollars.

LONG-TERM DEBT ANALYSIS

Additional information on Rankin County's long-term debt can be found in Note 12 on pages 41 - 42 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional information, please contact the Rankin County Administrator's office at 211 East Government St., Ste. A, Brandon, MS 39042.

FINANCIAL STATEMENTS

RANKIN COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1
Primary Government
Governmental Activities

ASSETS	
Cash	\$ 38,098,891
Investments	27,722,793
Accrued interest receivable	182,735
Property tax receivable	42,573,197
Accounts receivable, (net of allowance for uncollectibles of \$983,171)	187,271
Fines receivable, (net of allowance for uncollectibles of \$7,620,689)	1,196,906
Capital leases receivable	63,126
Intergovernmental receivables	1,379,275
Capital assets, net	177,707,734
Total Assets	<u>289,111,928</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	7,671,032
Total Deferred Outflows of Resources	<u>7,671,032</u>
LIABILITIES	
Claims payable	964,466
Claims and judgments payable	637,132
Intergovernmental payables	3,647,384
Accrued interest payable	621,945
Other accrued liabilities	330,508
Other payables-amounts held in custody	1,088,687
Long-term liabilities	
Due within one year:	
Capital related liabilities	6,431,319
Due in more than one year:	
Capital related liabilities	48,790,721
Non-capital liabilities	1,212,996
Net Pension Liability	43,282,478
Total Liabilities	<u>107,007,636</u>
Deferred Inflows of Resources	
Unearned interest on capital leases	3,126
Unearned revenue - property taxes	42,573,197
Total Deferred Inflows of Resources	<u>42,576,323</u>
NET POSITION	
Net investment in capital assets	122,485,694
Restricted:	
Expendable:	
Debt Service	1,919,142
Public Safety	3,679,647
Public Works	31,338,259
Capital projects	515,850
Unrestricted	(12,739,591)
Total Net Position	<u>\$ 147,199,001</u>

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

RANKIN COUNTY
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities					
General government	\$ (18,937,169)	\$ 3,758,512	\$ -	\$ -	\$ (15,178,657)
Public safety	(19,659,010)	3,365,136	2,971,630	-	(13,322,244)
Public works	(21,821,751)	4,574,902	22,869	1,243,718	(15,980,262)
Health and welfare	(1,243,684)	-	264,697	-	(978,987)
Culture and recreation	(36,262)	-	-	-	(36,262)
Conservation of natural resources	(273,390)	-	-	-	(273,390)
Economic development and assistance	(146,382)	-	-	-	(146,382)
Interest on long-term debt	(1,722,759)	-	-	-	(1,722,759)
Other debt service costs	(216,600)	-	-	-	(216,600)
Total Governmental Activities	\$ (64,057,007)	\$ 11,698,550	\$ 3,259,196	\$ 1,243,718	\$ (47,855,543)
General Revenues:					
Property taxes					\$ 42,442,074
Road & bridge privilege taxes					2,019,472
Grants and contributions not restricted to specific programs					6,226,160
Unrestricted investment income					804,483
Miscellaneous					947,248
Total General Revenues					\$2,439,437
Change in Net Position					4,583,894
Net Position - Beginning, as previously reported					175,549,090
Prior Period Adjustments					(32,933,983)
Net Position-Beginning, as restated					142,615,107
Net Position - End of the Year					\$ 147,199,001

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

RANKIN COUNTY
Balance Sheet- Governmental Funds
September 30, 2015

Major Funds	County Unit				Rankin County		Total Governmental Funds
	General Fund	Road Maintenance Fund	County Unit Bridge and Culvert Fund	Bond & Interest Fund	Other Governmental Funds		
ASSETS							
Cash	\$ 18,460,388	\$ 11,005,591	\$ 3,078,710	\$ 1,226,387	\$ 4,318,911	\$ 38,089,987	
Investments	7,182,995	7,728,839	9,247,173	503,665	3,060,121	27,722,793	
Accrued interest receivable	47,345	50,948	60,952	3,320	20,170	182,735	
Property tax receivable	24,136,400	7,434,517	3,451,568	6,433,984	1,116,728	42,573,197	
Accounts receivable, net of allowance for uncollectibles of \$983,171	-	-	-	-	187,271	187,271	
Fines receivable, net of allowance for uncollectibles of \$7,620,689	1,196,906	-	-	-	-	1,196,906	
Capital lease receivable	-	-	-	-	63,126	63,126	
Intergovernmental receivables	1,379,275	-	-	-	-	1,379,275	
Due from other funds	-	256,349	113,919	185,770	26,091	582,129	
Total Assets	\$ 52,403,309	\$ 26,476,244	\$ 15,952,322	\$ 8,353,126	\$ 8,792,418	\$ 111,977,419	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Claims Payable	\$ 330,382	\$ 608,460	\$ 21,216	\$ -	\$ 4,408	\$ 964,466	
Retainage Payable	-	-	-	-	-	-	
Amounts held in custody	1,088,687	-	-	-	-	1,088,687	
Intergovernmental payables	3,647,384	-	-	-	-	3,647,384	
Due to other funds	912,637	-	-	-	-	912,637	
Unearned Revenue	25,333,306	7,434,517	3,451,568	6,433,984	1,367,125	44,020,500	
Total Liabilities	\$ 31,312,396	\$ 8,042,977	\$ 3,472,784	\$ 6,433,984	\$ 1,371,533	\$ 50,633,674	
Fund Balances:							
Restricted for Debt Service	-	-	-	1,919,142	621,945	2,541,087	
Assigned to:							
General Government	-	-	-	-	2,177,989	2,177,989	
Public Safety	-	-	-	-	3,679,647	3,679,647	
Public Works	-	18,433,267	12,479,538	-	425,454	31,338,259	
Capital projects funds	-	-	-	-	515,850	515,850	
Unassigned	21,090,913	-	-	-	-	21,090,913	
Total Fund Balances	21,090,913	18,433,267	12,479,538	1,919,142	7,420,885	61,343,745	
Total Liabilities and Fund Balances	\$ 52,403,309	\$ 26,476,244	\$ 15,952,322	\$ 8,353,126	\$ 8,792,418	\$ 111,977,419	

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

RANKIN COUNTY
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015

Exhibit 3-1

Amount

Total Fund Balances - Governmental Funds	\$ 61,343,745
Amounts reported for governmental activities in the Statement of Net Position are different because:	
1. Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$193,918,280.	177,707,734
2. Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,384,177
3. Capital lease receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	60,000
4. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(56,435,036)
5. Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.	(628,228)
6. Accrued Interest Payable	(621,945)
7. Deferred Outflows related to pension liability are applicable to future periods, and therefore are not reported in the funds.	7,671,032
8. Net pension obligations are not due and payable in the current period and, therefore are not reported in the funds.	(43,282,478)
Total Net Position - Governmental Activities	\$ 147,199,001

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

RANKIN COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2015

	Major Funds				County Unit		Rankin County		Exhibit 4	
	General Fund	Road Maintenance Fund	Bridge and Culvert Fund	Bond & Interest Fund	Other Governmental Funds	Total Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds	Governmental Funds
REVENUES	\$ 24,087,539	\$ 7,599,687	\$ 3,480,190	\$ 5,677,529	\$ 1,597,129	\$ 42,442,074				
Property taxes	-	2,019,472	-	-	-	2,019,472				
Road and bridge privilege taxes	2,433,893	-	679	1,109	45,230	2,480,911				
Licenses, commissions and other revenue	1,279,389	2,098	-	-	-	1,281,487				
Fines and forfeitures	4,635,919	3,714,177	-	-	-	10,729,074				
Intergovernmental revenues	1,542,343	-	-	-	-	7,915,266				
Charges for services	271,992	190,768	243,738	13,559	84,426	804,483				
Interest income	1,445,521	54,839	557,066	2,893	192,548	2,252,867				
Miscellaneous revenues	35,695,596	13,581,041	4,281,673	5,695,090	10,671,234	69,925,634				
EXPENDITURES										
Current:										
General government	13,632,250	-	-	-	-	13,632,250				
Public safety	16,683,578	-	-	-	3,375,508	20,059,086				
Public works	-	12,186,065	6,253,806	1,061	15,033,168	33,494,100				
Health and welfare	1,243,684	-	-	-	-	1,243,684				
Culture and recreation	33,371	-	-	-	2,891	36,262				
Conservation of natural resources	289,603	-	-	-	-	289,603				
Economic development and assistance	143,523	-	-	-	-	143,523				
Debt service:										
Principal	8,443	1,292,233	277,494	4,365,000	39,066	5,982,236				
Interest	484	34,733	7,740	1,661,318	2,242	1,706,517				
Other debt service costs	-	-	-	18,800	197,800	216,600				
Total Expenditures	32,034,936	13,513,031	6,539,040	6,046,179	18,670,675	76,803,861				
Excess of Revenues over (under) Expenditures	3,661,660	68,010	(2,257,367)	(351,089)	(7,999,441)	(6,878,227)				
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of assets	20,100	933,794	503,994	-	4,175,000	5,612,788				
Proceeds from issuance of debt	6,420	483,500	-	-	-	503,600				
Proceeds from compensation of assets	4,818,342	547	-	-	174,900	181,320				
Transfers in	(6,490,178)	-	-	-	(4,818,889)	(11,309,067)				
Transfers out	(1,645,316)	1,417,841	503,994	-	5,011,189	5,287,708				
Total Other Financing Sources and Uses	2,016,344	1,485,851	(1,733,373)	(351,089)	(2,988,252)	(1,590,519)				
Net Changes in Fund Balances	19,074,569	16,947,416	14,232,911	2,270,231	10,409,137	62,934,264				
Fund Balance - Beginning	\$ 21,090,913	\$ 18,433,267	\$ 12,479,538	\$ 1,919,142	\$ 7,420,885	\$ 61,343,745				

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

RANKIN COUNTY
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2015.

Exhibit 4-1

	Amount
Net changes in fund balances - governmental funds	\$ (1,590,519)
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$14,418,688 exceeded depreciation of \$5,307,445 in the current period.	9,111,243
2. In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$2,620 and the proceeds from the sale and compensation of assets of \$684,920 in the current period.	(682,300)
3. 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.	30,364
4. Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(9,478)
5. In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the principal collections on the capital leases.	(28,000)
6. Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$5,982,236 exceeded debt proceeds of 5,612,788.	369,448
7. Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences	(14,706)
The amount of increase in accrued interest payable	(16,242)
The amortization of:	
Premiums on refunding bonds	142,958
Discount on refunding bonds	(13,945)
8. Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the government funds. These activities include:	
Recording of pension expense for the current period.	(5,158,523)
Recording of contributions made subject to the measurement date.	743,811
Recording of reduction in pension expense for amounts included in net pension liability.	2,099,035
9. An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	(399,252)
Change in Net Position of Governmental Activities	\$ 4,583,894

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

RANKIN COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2015

Exhibit 5

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
ASSETS	
Cash	\$ 8,904
Total Assets	<u>\$ 8,904</u>
LIABILITIES	
Claims and judgments payable	\$ 637,132
Total Liabilities	<u>637,132</u>
NET POSITION	
Restricted for health insurance	<u>(628,228)</u>
Total Net Position	<u>\$ (628,228)</u>

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

RANKIN COUNTY
Statement of Revenues, Expenses, and Changes in Fund Net Position-
Proprietary Fund
For the Year Ended September 30, 2015

	<u>Exhibit 6</u>
	<u>Governmental Activities</u>
	Self-Insurance
	Internal Service
	<u>Fund</u>
Operating Revenues	
Premiums	\$ 4,907,817
Total Operating Revenues	<u>4,907,817</u>
Operating Expenses	
Claims payments	6,309,349
Administrative	7,846
Total Operating Expenses	<u>6,317,195</u>
Operating Income (Loss)	<u>(1,409,378)</u>
Nonoperating Revenues (Expenses)	
Interest income	126
Net Nonoperating Revenue (Expenses)	<u>126</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	(1,409,252)
Capital Contributions	
Transfers In	1,010,000
Total Capital Contributions	<u>1,010,000</u>
Changes in Net Position	(399,252)
Net Position - Beginning	<u>(228,976)</u>
Net Position Ending	<u>\$ (628,228)</u>

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

RANKIN COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 7

	Governmental Activities
	Self-Insurance Internal Service Fund
Cash Flows From Operating Activities	
Receipts for premiums	\$ 4,907,817
Payments for claims	(6,113,874)
Payments to administrator for services	(7,846)
Net Cash (Used) by Operating Activities	(1,213,903)
 Cash Flows From Noncapital Financing Activities	
Operating transfers in	1,010,000
Net Cash Provided by Noncapital Financing Activities	1,010,000
 Cash Flows From Investing Activities	
Interest and dividends on investments	126
Net Cash Provided by Investing Activities	126
 Net Decrease in Cash and Cash Equivalents	(203,777)
Cash and Cash Equivalents at Beginning of Year	212,681
Cash and Cash Equivalents at End of Year	\$ 8,904
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating (loss)	\$ (1,409,378)
Changes in assets and liabilities:	
Increase in claims and judgments liability	195,475
Total Adjustments	195,475
Net Cash (Used) by Operating Activities	\$ (1,213,903)

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

RANKIN COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 8
Agency
Funds

ASSETS

Cash	\$ 2,450,878
Due from other funds	330,508
Total Assets	<u>\$ 2,781,386</u>

LIABILITIES

Amounts held in custody for others	\$ 2,781,386
Total Liabilities	<u>\$ 2,781,386</u>

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

- Rankin County Economic Development Authority
- Rankin County Human Resource Agency
- Cleary Water, Sewer and Fire Protection District
- Evergreen Fire Protection District
- Lake Harbor Fire Protection District
- Reservoir Fire Protection District
- Robinhood Fire Protection District
- Southwest Rankin County Fire Protection District
- Star Fire Protection District
- Richland Creek Watershed Drainage District

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

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

B. 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. 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies-continued

B. Basis of Presentation-continued

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting

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

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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies-continued

C. Measurement Focus and Basis of Accounting-continued

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.

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

County Unit Bridge and Culvert Fund - This fund is used to account for monies from specific revenues sources that are restricted for maintenance and installation of bridges and culverts.

Rankin County Bond and Interest Fund - These funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest and related costs.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

D. Account Classifications.

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies-continued

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental 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 costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies-continued

H. Capital Assets-continued

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported 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.

I. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position.

J. 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 improvements 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.”

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies-continued

J. Equity Classifications-continued

Fund Financial Statements:

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

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

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.

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 balances are created by the Board of Supervisors pursuant to authorization established by the policy adopted by the County.

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

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

K. Property Tax Revenues.

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied.

Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies-continued

L. Intergovernmental Revenues in Governmental Funds.

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

M. Deferred Outflows 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has incurred deferred outflows that are related to pension reporting.

N. Compensated Absences.

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

O. Deferred Inflows of Resources.

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

P. Changes in Accounting Standards.

Rankin County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. Rankin County provides its employees with pension benefits through the Public Employees' Retirement System of Mississippi (PERS), a multiple-employer cost-sharing defined benefit retirement program administered by PERS. GASB 68 requires employers participating in multiple-employer cost-sharing plans, such as PERS, to record their proportionate share, as defined in GASB 68, of PERS's unfunded pension liability. Rankin County has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERS. The cumulative effect of adopting GASB 68 resulted in a \$(33,266,357) restatement of net position as of October 1, 2014, which decreased previously reported net position. Information regarding PERS' current funding status can be found in their Comprehensive Annual Financial Report. Information related to beginning balances for fiscal year 2014 was not available thus the effects of GASB 68 including the related pension liability were not reported on the balance sheet or statements of revenues, expenses and changes in net position for that year.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(2) Prior Period Adjustment

Significant adjustments were made to beginning net position as described below:

Statement of Activities:

Implementation of GASB 68	\$	(33,266,357)
Capital Assets adjustment		332,374
	\$	<u>(32,933,983)</u>

(3) Deposits and Investments

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$40,549,769 and the bank balance was \$42,017,318. The collateral for public entities' deposit in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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 pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

Investment balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Money market funds	Less than 1	\$ 895,659	Not rated
Mortgage backed security	Less than 1	479,266	Not rated to AAA
Collateralized mortgage obligations	Less than 1	11,533,036	Not rated to AAA
U.S. government bonds	1 to 10	2,747,063	AA
Municipal bonds	1 to 10	10,852,517	A- to AAA
Corporate bonds	1 to 10	1,215,252	AA to AAA
Total		<u>27,722,793</u>	
Unrealized Gain		<u>(291,096)</u>	
Cost Basis		<u>\$ 27,431,697</u>	

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(3) Deposits and Investments-continued

Interest Rate Risk: The County does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Mississippi 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 Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that address credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's \$27,722,793 investment in securities, none of the underlying securities were held by the investment's counterparty on behalf of the County, not in the name of the County.

Concentration of Credit Risk: The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in U. S. Government Bonds, Collateralized Mortgage Obligations and Mississippi Municipal Bonds. These investments are 90.66% of the County's total investments.

Investment Type	Fund	Fair Value	% of Total Investments
Municipal bonds	Various	\$ 10,852,517	39.15%
Collateralized mortgage obligations		11,533,036	41.60%
U.S. government bonds		2,747,063	9.91%
Total		\$ 25,132,616	90.66%

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
County Road Fund	General Fund	\$ 256,349
County Bridge Fund	General Fund	113,919
Other Governmental Funds	General Fund	26,091
County Bond and Interest Fund	General Fund	185,770
Agency Funds	General Fund	330,508
Total		\$ 912,637

The receivables represent the tax revenue collected but not settled until October 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(4) Interfund Transactions and Balances-continued

B. Transfers In/Out

<u>Transfer In</u>	<u>Transfer-Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 5,480,178
Internal Service Fund	General Fund	1,010,000
Road Maintenance Fund	Other Governmental Funds	547
General Fund	Other Governmental Funds	<u>4,818,342</u>
	Total	<u>\$ 11,309,067</u>

The purpose of the transfers was to transfer funds to (1) the Solid Waste Fund, (2) the Capital Projects 2008 Bond Fund, (3) the Pelahatchie Bond Service Fund, and (4) the self-funded self insurance internal service fund to cover deficit balances in those funds.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Legislative Tax Credit	\$ 1,241,279
Accounts Receivable - Federal Grants	<u>137,996</u>
Total Governmental Activities	<u>\$ 1,379,275</u>

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(6) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Deletions	Prior Period Adjustments	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,754,256	\$ -	\$ -	\$ -	\$ 2,754,256
Construction in process	-	6,276,975	-	-	6,276,975
Total non-depreciable capital assets	<u>2,754,256</u>	<u>6,276,975</u>	<u>-</u>	<u>-</u>	<u>9,031,231</u>
<u>Depreciable capital assets:</u>					
Infrastructure	243,578,121	5,943,031	-	-	249,521,152
Buildings	74,287,689	-	-	325,409	74,613,098
Improvements other than buildings	1,955,871	-	-	-	1,955,871
Mobile equipment	14,608,233	1,208,389	(1,868,077)	(6,774)	13,941,771
Furniture and equipment	10,353,956	291,993	(134,260)	20,247	10,531,936
Leased property under capital leases	11,449,720	698,300	(117,065)	-	12,030,955
Total depreciable capital assets	<u>356,233,590</u>	<u>8,141,713</u>	<u>(2,119,402)</u>	<u>338,882</u>	<u>362,594,783</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	(138,332,388)	(2,646,757)	-	-	(140,979,145)
Buildings	(24,934,138)	(1,248,118)	-	(6,508)	(26,188,764)
Improvements other than buildings	(1,245,340)	(37,516)	-	-	(1,282,856)
Mobile equipment	(10,124,344)	(890,292)	1,227,127	-	(9,787,509)
Furniture and equipment	(8,803,711)	(304,112)	104,617	-	(9,003,206)
Leased property under capital leases	(6,601,508)	(180,650)	105,358	-	(6,676,800)
Total accumulated depreciation	<u>(190,041,429)</u>	<u>(5,307,445)</u>	<u>1,437,102</u>	<u>(6,508)</u>	<u>(193,918,280)</u>
Total depreciable capital assets, net	<u>166,192,161</u>	<u>2,834,268</u>	<u>(682,300)</u>	<u>332,374</u>	<u>168,676,503</u>
Governmental activities capital assets, net	<u>\$ 168,946,417</u>	<u>\$ 9,111,243</u>	<u>\$ (682,300)</u>	<u>\$ 332,374</u>	<u>\$ 177,707,734</u>

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(6) Capital Assets - continued

Governmental activities:

The prior period adjustment was to correct assets and accumulated depreciation in prior years.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities	
General Government	\$ 1,203,443
Public Safety	984,390
Public Works	3,113,066
Conservation of Natural Resources	3,687
Economic Development	2,859
Total Governmental Activities Depreciation Expense	\$ 5,307,445

(7) Claims and Judgments

Risk Financing:

The County had no yearend liability for workers compensation because the County terminated their participation in the risk pool on December 31, 2007, and a commercial insurance company began providing coverage.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2004, and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service fund) to account for and finance its uninsured risk of loss. The Rankin County Board of Supervisors has extended coverage to the employees of the following public entities:

- Region 8 Mental Health
- Rankin First
- Rankin County Human Resource Agency
- Clery Water, Sewer, and Fire Protection District
- USDA Soil and Water Conservation, Rankin County District

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Each participating public entity, including Rankin County, pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction.

Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for all participating entities, including Rankin County, to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance 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 \$100,000, and the aggregate policy covers all submitted claims in excess of \$1,000,000.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(7) Claims and Judgments - continued

Claims expenditure and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2015, the amount of these liabilities was \$637,132. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Unpaid Claims and Changes in Estimate	Claim Payments	Adjustments	Balance at Fiscal Year End
2013-2014	\$ 113,646	\$ 6,681,699	\$ (6,353,688)	\$ -	\$ 441,657
2014-2015	441,657	6,504,824	(6,309,349)	-	637,132

(8) Operating Leases

As Lessor:

The County receives income from property it leases under a non-cancellable operating lease. Total income from the lease was \$140,000 for the year ended September 30, 2015. The future minimum lease receivable for the lease is as follows:

<u>Year Ended September 30:</u>	<u>Amount</u>
2016	\$ 140,000
2017	140,000
2018	140,000
2019	140,000
2020	140,000
2021-2025	700,000
2026-2027	280,000
Total Minimum Payments Required	\$ 1,680,000

(9) Capital Leases

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2015:

<u>Class of Property</u>	<u>Amount</u>
Water Improvements	\$ 400,000
Total	\$ 400,000

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(9) Capital Leases - continued

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year Ending September 30:		
2016	\$ 29,000	\$ 2,332
2017	31,000	794
Total	<u>\$ 60,000</u>	<u>\$ 3,126</u>

As Lessee:

The County is obligated for the following assets acquired through capital leases as of September 30, 2015:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Leased Property under Capital Leases	\$ 12,030,955
Less: Accumulated depreciation	<u>(6,676,800)</u>
Leased Property under Capital Leases	<u>\$ 5,354,155</u>

The following is a schedule by years of the total payments due as of September 30, 2015:

	<u>Government Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year Ending September 30:		
2016	\$ 809,757	\$ 54,943
2017	628,923	105,133
2018	937,341	89,507
2019	643,738	72,108
2020	387,897	60,367
2021-2025	<u>2,086,158</u>	<u>155,161</u>
Total	<u>\$5,493,814</u>	<u>\$ 537,219</u>

(10) Other Postemployment Benefits

The Rankin 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 Rankin County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan. 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 health care benefit reportable under GASB Statement 45 as a single employer defined benefit 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.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(11) Deficit Fund Balances of Individual Funds

The following fund reported a deficit in net position at September 30, 2015:

<u>Fund</u>	<u>Deficit Amount</u>
Internal Service Fund	<u>\$(628,228)</u>

(12) Long-term Debt

Debt outstanding as of September 30, 2015, 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			
2009 GO Bond	\$ 16,550,000	3.5/3.875%	6/1/2022
2008 Special Obligation Bond	6,170,000	3.78%	12/1/2023
2005 MS Public Improvement	2,020,000	2.75/4.125%	9/1/2021
2005 Series 2005A	2,115,000	2.80/4.00%	7/1/2020
2012 Refunding	8,775,000	2.00%	9/1/2021
2013 Refunding	8,925,000	2.00/3.10%	12/1/2023
Total General Obligation Bonds	<u>\$ 44,555,000</u>		
B. Limited Obligation Bonds			
Series 2014 A	\$ 995,000	3.30%	12/1/2029
Series 2014 B	3,180,000	4.50%	12/1/2029
Total Limited Obligation Bonds	<u>\$ 4,175,000</u>		
C. Capital Leases:			
911 Equipment	\$ 4,000,000	2.44%	3/4/2025
5 Case Backhoes	99,839	2.06%	8/23/2016
Fire Truck	40,171	2.06%	10/10/2016
Copier	20,443	2.22%	1/1/2018
3 Mack Dump Trucks	348,384	1.77%	5/29/2018
3 Mack Dump Trucks	348,384	1.77%	5/29/2018
Case Wheel Loader	122,884	1.87%	4/6/2019
Case Wheel Loader	122,884	1.87%	4/6/2019
2 John Deere Motor Graders	390,825	1.83%	4/6/2019
Total Capital Leases	<u>\$ 5,493,814</u>		
D. Other Loans:			
Interlocal Agreement Pearl	\$ 49,790	4.46/5.32%	5/1/2018
Total Other Loans	<u>\$ 49,790</u>		

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(12) Long-term Debt-continued

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		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 5,400,000	\$ 1,637,625	\$ 205,000	\$ 248,838	\$ 16,562	\$ 2,621
2017	5,460,000	1,453,775	215,000	162,803	16,597	1,753
2018	5,465,000	1,302,075	220,000	153,675	16,631	885
2019	6,030,000	1,144,575	235,000	144,127	-	-
2020	6,170,000	1,005,575	240,000	134,160	-	-
2021-2025	16,030,000	1,882,456	1,370,000	506,025	-	-
2026-2030	-	-	1,690,000	184,680	-	-
	\$ 44,555,000	\$ 8,426,081	\$ 4,175,000	\$ 1,534,308	\$ 49,790	\$ 5,259

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 county issues bonds are used to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 3.51% of the latest property assessments.

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,227,702	\$ -	\$ (14,706)	\$ 1,212,996	\$ -
General Obligation Bonds	49,685,000	-	(5,130,000)	44,555,000	5,400,000
Less:					
Discount amount on	(77,010)	-	9,060	(67,950)	-
Discount amount on	(39,487)	-	4,885	(34,602)	-
Add:					
Premium	782,641	-	(92,075)	690,566	-
Premium	411,305	-	(50,883)	360,422	-
Limited Obligation Bonds	-	4,175,000	-	4,175,000	205,000
Capital Leases	4,892,773	1,437,788	(836,747)	5,493,814	809,757
Other Loans	65,279	-	(15,489)	49,790	16,562
Total	\$ 56,948,203	\$ 5,612,788	\$(6,125,955)	\$ 56,435,036	\$ 6,431,319

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, the Road Maintenance Fund, the Bridge & Culvert Fund, and the Solid Waste Fund.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(13) 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.

General Obligation Debt Contingencies - The County issued general obligation bonds to provide funds for constructing and improving capital facilities of the City of Pelahatchie. Such debt is being retired from pledged resources of these entities and, therefore, is reported as a liability of those entities. However, because general obligation bonds are backed by the full faith, credit, and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of the remaining general obligation debt contingency outstanding at year end is as follows:

Description	Balance at Sept. 30, 2015
Pelahatchie Water Improvement G.O. Bonds	\$ 60,000
Total	\$ 60,000

As of September 30, 2015, the County had the following commitments:

On May 1, 2000, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the city, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Dogwood Festival Market Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. In the event that there shall be surplus revenues on December 31, the surplus revenue shall be reimbursed to the City and county on a pro rata basis. This agreement was amended on January 1, 2015.

On September 4, 2001, the Rankin County Board of Supervisors entered into an agreement with the City of Brandon to pledge to the city, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Ergon Properties Project, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(13) Contingencies-continued

On October 1, 2003, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the city, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Dogwood Promenade, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full.

On May 31, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Flowood to pledge to the city, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Lakeland Commons, the avails of the added incremental increase in county ad valorem taxes levied against the real and personal property constituting the project. County ad valorem taxes for school district purposes shall not be subject to the pledge of ad valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees, and expenses relating to the bonds are paid in full. This agreement was amended on January 1, 2015.

On December 6, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the city for a partial payment of a loan to the County to be used to purchase land for a baseball stadium, site work and parking lot construction. The amount pledged is \$320,000 a year for twenty years.

On December 6, 2004, the Rankin County Board of Supervisors entered into an agreement with the City of Pearl to pledge to the city, for payment of a portion of the principal, interest, fees, and expenses of the bonds for the Bass Pro Shops/Bloomfield Project, the avails of the added incremental increase in county real and personal property taxes from the Bass Pro portion of the project. The terms of this agreement will not exceed twenty years.

(14) Joint Venture

The County participates in the following joint venture:

Rankin County is a participant with Scott, Simpson and Smith Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board of which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$1,677,380 in fiscal year 2015. Complete financial statements for the Central Mississippi Regional Library System can be obtained from 3470 Hwy 80 East, Pearl, MS 39208.

(15) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren, and Yazoo. The Rankin County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support in fiscal year 2015.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Warren, and Yazoo. The Rankin County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$25,326 for support of the district in fiscal year 2015.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(15) Jointly Governed Organizations - continued

East Central Community Action Agency, Inc. operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott, and Smith. The Rankin County Board of Supervisors appoints two of the 30 board members. The County provides a modest amount of support when matching funds are required for federal grants.

Hinds Community College operates in a district composed of the Counties of Claiborne, Copiah, Hinds, Rankin, and Warren. The Rankin County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$2,825,083 for maintenance and \$1,120,278 for improvement of the college in fiscal year 2015.

Region Eight Mental Health Commission operates in a district composed of the Counties of Copiah, Madison, Rankin, and Simpson. The Rankin County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$337,000 for support of the commission in fiscal year 2015.

(16) Pension Plan Obligations

General Information about the Pension Plan

Plan Description. Rankin County, Mississippi, is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan as defined in GASB Statement Number 68, Accounting and Financial Reporting for Pensions. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees of the County. Code Section 25-11-15, Mississippi Code Ann. (1972) grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.pers.ms.gov.

Benefits Provided. For the cost-sharing plan, participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled upon application, to annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefits are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.00% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.00% compounded for each fiscal year thereafter.

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(16) Pension Plan Obligations –continued

Contributions. Per Chapter 11 of Title 25, Mississippi Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of the rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00 percent of their annual pay, while the County's required contribution rate was 15.75 percent of annual covered payroll. The County's employer contributions to PERS for the year ended September 30, 2015, 2014, and 2013 were \$2,788,056, \$2,722,190, and \$2,474,300 (employer share). The contributions for the year met the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, Rankin County reported a liability of \$43,282,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Rankin County's proportion of the net pension liability was based on employer contributions to PERS for the plan's fiscal year ended June 30, 2015, relative to the total employer contributions of participating employers to PERS. At June 30, 2015, the Rankin County's proportion was .28% which was the same % from its proportion measured as of June 30, 2014. Information related to beginning balances for fiscal year 2013 was not available thus the effects of GASB 68 including the related pension liability were not reported on the balance sheet or statements of revenues, expenses and changes in net position for that year.

For the year ended September 30, 2015, Rankin County, recognized pension expense of \$5,158,523. At September 30, 2015, Rankin County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 666,095	\$ -
Net difference between projected and actual earnings on pension plan investments	2,532,488	-
Changes of Assumptions	3,728,638	-
Contributions subsequent to the measurement date	743,811	-
	\$ 7,671,032	\$ -

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(16) Pension Plan Obligations – continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions – continued

At September 30, 2015, Rankin County reported \$743,811 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2016	\$ 2,248,833
2017	2,248,833
2018	1,796,434
2019	633,121
	\$ 6,927,221

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	3.00%
Salary increases	3.75%-19.00%, average, including inflation
Investment rate of return	7.75%, net of position of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2014. The experience report is dated May 4, 2015.

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

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(16) Pension Plan Obligations – continued

Actuarial Assumptions – continued

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-term Expected Real Rate of Return</u>
U. S. Broad	34.00 %	5.20 %
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	1.00	(.50)
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate (9.00%) and that participating employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Rankin County's Proportionate Share of the Net Pension Liability to changes in the Discount Rate. Rankin County's proportionate share of the net pension liability has been calculated using a discount rate of 7.75%. The following presents the Rankin County's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase 8.75%</u>
Proportionate share of the net pension liability	\$ 57,050,272	\$ 43,282,478	\$ 31,857,784

RANKIN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

(16) Pension Plan Obligations – continued

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued comprehensive annual financial report which can be obtained at www.pers.ms.gov.

Payable to the Pension Plan. At September 30, 2015, Rankin County has no amounts payable for outstanding contributions to the pension plan required for the year ended September 30, 2015.

(17) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Activities date require disclosure in the accompanying notes. Management of Rankin County evaluated the activity of the County through June 8, 2016, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

November 2, 2015 – approved draw funds on lease with Trustmark on new communication system.

January 15, 2016 – approved Sheriff's Department to purchase 3 used Chevrolet Tahoes from Missouri Highway Patrol with budget funds from Sheriff's Department.

REQUIRED SUPPLEMENTARY INFORMATION

RANKIN COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis) General Fund
For Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 23,253,802	\$ 24,120,016	\$ 24,120,016	\$ -
Licenses, commissions and other revenue	2,103,290	2,471,043	2,471,043	-
Fines and forfeitures	958,000	1,314,694	1,314,694	-
Intergovernmental revenues	4,372,000	4,511,803	4,511,803	-
Charges for services	1,785,000	1,542,342	1,542,342	-
Interest income	210,000	274,686	274,686	-
Miscellaneous revenues	1,590,140	1,404,318	1,404,318	-
Total Revenues	34,272,232	35,638,902	35,638,902	-
EXPENDITURES				
Current:				
General government	13,975,272	13,657,519	13,657,519	-
Public safety	17,784,775	16,713,145	16,713,145	-
Health and welfare	1,265,383	1,244,833	1,244,833	-
Culture and recreation	45,000	38,393	38,393	-
Conservation of natural resources	451,778	288,951	288,951	-
Economic development and assistance	50,326	55,141	55,141	-
Capital projects	587,100	88,382	88,382	-
Debt Service:				
Principal	-	4,185,471	4,185,471	-
Interest	-	484	484	-
Total Expenditures	34,159,634	36,272,319	36,272,319	-
Excess of Revenues over (under) Expenditures	112,598	(633,417)	(633,417)	-
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	4,175,000	4,175,000	-
Proceeds from sale of capital assets	-	20,100	20,100	-
Proceeds from compensation of assets	-	6,420	6,420	-
Transfers in	1,395,000	2,196,687	2,196,687	-
Transfers out	(1,874,398)	(3,870,573)	(3,870,573)	-
Total Other Financing Sources and Uses	(479,398)	2,527,634	2,527,634	-
Net Change in Fund Balance	(366,800)	1,894,217	1,894,217	-
Fund Balances - Beginning	14,796,114	17,566,759	12,834,055	(4,732,704)
Fund Balances - Ending	\$ 14,429,314	\$ 19,460,976	\$ 14,728,272	\$ (4,732,704)

The accompanying notes to the required supplemental information are an integral part of this schedule.

RANKIN COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
County Unit Road Maintenance Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 7,303,777	\$ 7,611,425	\$ 7,611,425	\$ -
Licenses, Commissions, and other Revenue	2,000	2,098	2,098	-
Road and Bridge Privilege Taxes	1,990,000	2,019,472	2,019,472	-
Intergovernmental Revenues	1,048,200	4,215,445	4,215,445	-
Interest Income	226,000	194,731	194,731	-
Miscellaneous Revenues	51,000	11,238	11,238	-
Total Revenues	<u>10,620,977</u>	<u>14,054,409</u>	<u>14,054,409</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Works	12,650,750	11,134,271	11,134,271	-
Debt Service:				
Principal	2,018,120	1,292,233	1,292,233	-
Interest	-	34,734	34,734	-
Total Expenditures	<u>14,668,870</u>	<u>12,461,238</u>	<u>12,461,238</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(4,047,893)</u>	<u>1,593,171</u>	<u>1,593,171</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	547	547	-
Proceeds from sale of assets	-	483,500	483,500	-
Total Other Financing Sources and Uses	<u>150,000</u>	<u>484,047</u>	<u>484,047</u>	<u>-</u>
Net Change in Fund Balance	<u>(3,897,893)</u>	<u>2,077,218</u>	<u>2,077,218</u>	<u>-</u>
Fund Balances - Beginning	<u>10,000,000</u>	<u>16,013,556</u>	<u>16,174,889</u>	<u>161,333</u>
Fund Balances - Ending	<u>\$ 6,102,107</u>	<u>\$ 18,090,774</u>	<u>\$ 18,252,107</u>	<u>\$ 161,333</u>

The accompanying notes to the required supplemental information are an integral part of this schedule.

RANKIN COUNTY
Budgetary Comparison Schedule-
Budget and Actual (Non-GAAP Basis)
County Unit Bridge and Culvert Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 3,387,504	\$ 3,485,888	\$ 3,485,888	\$ -
Licenses, Commissions, and Other Revenue	700	679	679	-
Intergovernmental Revenues	-	-	-	-
Interest Income	290,000	247,358	247,358	-
Miscellaneous income	-	135	135	-
Total Revenues	<u>3,678,204</u>	<u>3,734,060</u>	<u>3,734,060</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Works	7,488,645	5,257,493	5,257,493	-
Debt Service:				
Principal	264,395	277,494	277,494	-
Interest	-	7,740	7,740	-
Total Expenditures	<u>7,753,040</u>	<u>5,542,727</u>	<u>5,542,727</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	(4,074,836)	(1,808,667)	(1,808,667)	-
Fund Balances - Beginning	<u>11,969,107</u>	<u>13,887,377</u>	<u>14,705,845</u>	<u>818,468</u>
Fund Balances - Ending	<u>\$ 7,894,271</u>	<u>\$ 12,078,710</u>	<u>\$ 12,897,178</u>	<u>\$ 818,468</u>

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

RANKIN COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2015

a. **Budgetary Information.**

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

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

b. **Basis of Presentation.**

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

	Governmental Fund Type		
	County Unit Road General Fund	County Unit Bridge Maintenance Fund	County Unit Bridge and Culvert Fund
Budget (Cash Basis)	\$ 1,894,217	\$ 2,077,218	\$ (1,808,667)
Increase (Decrease):			
Net Adjustments for Revenue Accruals	131,001	(1,407,161)	547,613
Net Adjustments for Expenditure Accruals	(8,874)	815,794	(492,319)
GAAP Basis	<u>\$ 2,016,344</u>	<u>\$ 1,485,851</u>	<u>\$ (1,753,373)</u>

RANKIN COUNTY
Schedule of the Employer's Proportionate Share
of the Net Pension Liability
For the Years Ended September 30, 2015 and 2014

	2015		2014
Employer's proportion of the net pension liability (asset)	.28%		.28%
Employer's proportionate share of the net pension liability (asset)	\$ 43,282,478	\$	33,986,873
Employer's covered-employee payroll	17,701,963		17,283,758
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	244.15%		196.64%
Plan fiduciary net position as a percentage of the total pension liability	61.70%		67.21%

Information above is presented as of the measurement date of June 30 of the fiscal year presented.

Information is not currently available for prior years; additional years will be displayed as they become available.

RANKIN COUNTY
Schedule of the County's Contributions
For the Years Ended September 30, 2015 and 2014

	2015	2014
Contractually required contribution	\$ 2,788,056	\$ 2,722,190
Contributions in relation to the contractually required	<u>2,788,056</u>	<u>2,722,190</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	17,701,963	17,283,758
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

Information above is presented as of the Employer's fiscal year

Information is not currently available for prior years; additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

RANKIN COUNTY
Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 2015

Schedule 1

	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Passed-through the Mississippi Department of Public Safety:			
Juvenile Accountability Block Grant	16.523	13DC 1611	\$ 46,558
Juvenile Accountability Block Grant	16.523	14DC 1611	112,943
Total U.S. Department of Justice			159,501
<u>U.S. Department of Transportation</u>			
Passed-through the Mississippi Department of Transportation:			
Highway Planning and Construction *	20.205	HPP-7331-00(005)/ 104626801	2,387,708
Passed-through the Mississippi Office of Highway Safety			
Alcohol Open Container Requirement	20.607	15-ST-161-1	55,794
Total U.S. Department of Transportation			2,443,502
<u>Executive Office of the President</u>			
Passed-through Mississippi Emergency Management Agency:			
High Intensity Drug Trafficking Areas Program	95.001	G13GC0003A	42,037
Total Executive Office of the President			42,037
<u>U.S. Department of Homeland Security</u>			
Passed-through Mississippi Emergency Management Agency:			
Hazard Mitigation Grant	97.039	DR-1604-MS-0459	55,170
Emergency Management Performance Grant	97.042	13 EMPG	92,192
Total Department of Homeland Security			147,362
Total Expenditures of Federal Awards			\$ 2,792,402

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

* Denotes major Federal award program.

OTHER INFORMATION

RANKIN COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Bond Amount</u>
Jared Morrison	Supervisor	\$ 100,000
Rodney Keith	Supervisor	100,000
Greg Wilcox	Supervisor	100,000
Walter Johnson	Supervisor	100,000
Jay Bishop	Supervisor	100,000
Rebecca Boyd	Circuit Clerk	100,000
Judy Fortenberry	Tax Collector	100,000
John Sullivan	Tax Assessor	50,000
Larry Swales	Chancery Clerk	100,000
Laura Oster	Comptroller/County Administrator	100,000
Bryan Bailey	Sheriff	100,000
Barry Bean	Constable	50,000
Brad Patridge	Constable	50,000
Ernest Brown	Constable	50,000
Gary Windham	Constable	50,000
Richard Redfern	Judge	50,000
Ken Fairly	Judge	50,000
John Shirley	Judge	50,000
Joshua McCrory	Judge	50,000
Jessica Floyd Massey	Justice Court Clerk	50,000
Irvin L. Westbrooks	Road Manager	50,000
Bridgett Herring	Purchase Clerk	75,000
Katie Burkett	Asst. Purchase Clerk	50,000
Ann Bowman	Receiving Clerk	75,000
Mitsi Tigrett	Deputy Clerk	50,000
Jessica Flood	Deputy Clerk	100,000
Brittany Miller	Deputy Clerk	50,000
Philoniece Myers	Deputy Clerk	50,000
Arnie Cain	Deputy Clerk	100,000
Cindy Edwards	Deputy Clerk	50,000
Shanna McLaurin	Deputy Clerk	50,000
Lynn Means	Deputy Clerk	50,000
David L. Morrow	Deputy Clerk	100,000
Constance Johnson	Deputy Clerk	50,000
Shannon Ivy	Deputy Clerk	50,000
Whittney Myers	Deputy Clerk	50,000
Leslie Denham	Clerk	50,000
Rhonda Lockett	Clerk	50,000
Wilma Lucroy	Clerk	50,000

SPECIAL REPORTS

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INDEPENDENT AUDITORS' 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*

June 8, 2016

Members of the Board of Supervisors
Rankin County, Mississippi

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rankin County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 8, 2016. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented 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 Rankin County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

Compliance and Other Matters

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

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

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

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

June 8, 2016

Members of the Board of Supervisors
Rankin County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Rankin County, Mississippi's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended September 30, 2015. Rankin County, Mississippi's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Rankin County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

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

June 8, 2016

Members of the Board of Supervisors
Rankin County, Mississippi

We have examined Rankin County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Rankin 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 Rankin County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Rankin County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

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RANKIN COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

Schedule I

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other than the Lowest Bid</u>
2/2/2015	Tandem Dump Trucks	\$ 739,488	Tri-State Truck Center	\$ 675,282	Did not meet minimum specifications

RANKIN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our test results did not identify any emergency purchases.

RANKIN COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2015

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
5/18/2015	Tactical Robots	\$ 62,529	Robotex, Inc.
5/18/2015	Tactical Robots	25,590	Robotex, Inc.
8/3/2015	Life Pak Device	18,618	Physio Control
8/3/2015	Life Pak Device	79,520	Physio Control

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

June 8, 2016

Members of the Board of Supervisors
Rankin County, Mississippi

In planning and performing our audit of the financial statements of Rankin County, Mississippi for the year ended September 30, 2015, we considered Rankin County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Rankin 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 June 8, 2016, on the financial statement of Rankin County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Herzog CPA Company, PLLC
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**RANKIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

RANKIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | |
| | Governmental Activities | Qualified |
| | Aggregate Discretely Presented Component Units | Adverse |
| | General Fund | Unmodified |
| | County Unit Road Maintenance Fund | Unmodified |
| | County Unit Bridge and Culvert Fund | Unmodified |
| | Rankin County Bond & Interest Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | Yes |
| | b. A significant deficiency identified that is not considered to be a material weakness? | None reported |
| 3. | Noncompliance material to the primary government financial statements? | None reported |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None reported |
| 5. | Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding reported as required by Section .510(a) Of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | Highway Planning and Construction | CFDA# 20.205 |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section .315(b) of OMB Circular A-133? | No |

RANKIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section 2: Financial Statement Findings

Board of Supervisors.

2015-001. Finding - Board of Supervisors

Significant Deficiency - Material Weakness.

As reported in the prior year's audit report, generally accepted accounting principles require the financial data for 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 entity that include the financial data for its component units. The financial statements do not include the financial data for all of the County's legally separate component units. Only three of the component units could provide audited financial statements for the period ended September 30, 2015. The other component units of the County do not have audits of their financial statements at year end. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units with financial data not included in this report.

Recommendation:

The Board of Supervisors should require that all of its component units provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

Board of Supervisor's Response:

It would be cost prohibitive to require these small component units to have an audited financial statement prepared.

2015-002. Finding - Board of Supervisors

Significant Deficiency - Material Weakness.

As reported in the prior years' audit report, the investments account was not properly recorded at September 30, 2015.

Recommendation:

The Board of Supervisors should establish adequate controls and procedures to ensure that the investment transactions are properly recorded in accordance with generally accepted accounting principles. The Board should have the investment firm prepare a monthly reconciliation of all transactions within the investment accounts. The County should then record all transactions included on the monthly reconciliation.

Board of Supervisor's Response:

The County has contacted the investment firm and is in the process of the implementation of the above recommendation.

RANKIN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

2015-003. Finding - Board of Supervisors

Significant Deficiency - Material Weakness.

The new limited obligation bond was recorded in an incorrect fund at September 30, 2015. The infrastructure paid for with the bond proceeds was not recorded at September 30, 2015.

Recommendation:

The Board of Supervisors should establish adequate controls and procedures to ensure that the bond and capital asset transactions are properly recorded in accordance with generally accepted accounting principles.

Board of Supervisor's Response:

The County will correctly record assets and bond proceeds in the future period.

2015-004. Finding - Justice Court

Significant Deficiency - Material Weakness.

The deposits were not being made timely for civil and criminal receipts during the year ended September 30, 2015.

Recommendation:

The Justice Court Clerk should deposit funds daily.

Justice Court Clerk's Response:

Deposits are now being made timely.

2015-005. Finding - Board of Supervisors

Significant Deficiency - Material Weakness.

The Internal Service Fund had a deficit fund balance at September 30, 2015.

Recommendation:

A transfer to the internal service fund should be made to cover the deficit fund balance at year end.

Board of Supervisor's Response:

The County will authorize and transfer funds at year end to cover any deficit fund balances.

Section 3: Federal Award Findings and Questioned Costs

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