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Copiah County, Mississippi
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015

Fortenberry & Ballard, PC
Certified Public Accountants

Copiah County, Mississippi
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Copiah County Location in Mississippi



Copiah County is located in the southwestern region of the United States state of Mississippi. As of 2010, the population was 29,449. Its county seat is Hazlehurst. Copiah County covers 779 square miles, of which 777 square miles is land and 2 square miles is water.

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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Copiah 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 the Copiah County, Mississippi (the County) 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include the 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, deferred outflow of resources, liabilities, deferred inflows of resources, 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 described 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 Copiah 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.

Unmodified Opinions

In our opinion, 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 the Copiah County, Mississippi, as of September 30, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of 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.

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2016 on our consideration of the Copiah 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 Copiah County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
October 4, 2016

Certified Public Accountants

FINANCIAL STATEMENTS

Copiah County, Mississippi
Statement of Net Position
September 30, 2015

Exhibit 1

	Governmental Activities
ASSETS	
Cash	\$ 14,957,405
Property tax receivable	10,638,329
Accounts receivable, net	591,519
Fines receivable, net	44,285
Capital leases receivable	443,501
Intergovernmental receivables	169,011
Other receivables	50,349
Restricted assets - cash	103,450
Capital assets:	
Land and construction in progress	1,520,966
Other capital assets, net	65,613,746
Total Assets	<u>94,132,561</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	1,837,821
Deferred amount on refunding	51,438
Total deferred outflows of resources	<u>1,889,259</u>
LIABILITIES	
Claims payable	531,112
Intergovernmental payables	626,741
Accrued interest payable	270,815
Unearned revenue	15,124
Amounts held in custody for others	63,681
Long-term liabilities	
Due within one year:	
Capital debt	1,141,903
Non-capital debt	181,862
Due in more than one year:	
Capital debt	22,870,162
Non-capital debt	1,322,804
Net pension liability	10,116,042
Total Liabilities	<u>37,140,246</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue - property taxes	10,638,329
Deferred revenue - capital leases	18,155
Total deferred inflows of resources	<u>10,656,484</u>
NET POSITION	
Net investment in capital assets	43,174,085
Restricted for:	
General government	12,744
Public safety	747,469
Public works	13,083,086
Culture and recreation	22,272
Economic development	92,821
Debt service	433,121
Unrestricted	(9,340,508)
Total Net Position	<u>\$ 48,225,090</u>

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

Copiah County, Mississippi
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
Governmental activities:					
General government	\$ 3,533,257	632,917	125,770		(2,774,570)
Public safety	4,175,923	723,709	180,444	130,643	(3,141,127)
Public works	9,011,416	1,223,537	1,204,130	938,813	(5,644,936)
Health and welfare	265,260		45,818	167,468	(51,974)
Culture and recreation	164,122	11,322	4,693		(148,107)
Education	37,798		37,798		0
Conservation of natural resources	103,679				(103,679)
Economic development and assistance	139,691				(139,691)
Interest on long-term debt	734,400				(734,400)
Bond issuance costs	209,072				(209,072)
Pension expense	1,226,002				(1,226,002)
Total Governmental Activities	<u>19,600,620</u>	<u>2,591,485</u>	<u>1,598,653</u>	<u>1,236,924</u>	<u>(14,173,558)</u>
General revenues:					
Property taxes				\$ 10,249,488	
Road & bridge privilege taxes				365,884	
Grants and contributions not restricted to specific programs				598,538	
Unrestricted interest income				63,458	
Miscellaneous				157,386	
Total General Revenues				<u>11,434,754</u>	
Changes in Net Position					<u>(2,738,804)</u>
Net Position - Beginning as previously reported					58,669,457
Prior period adjustment					<u>(7,705,563)</u>
Net Position - Beginning, as restated					<u>50,963,894</u>
Net Position - Ending					<u>\$ 48,225,090</u>

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

Copiah County, Mississippi
 Balance Sheet - Governmental Funds
 September 30, 2015

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Road Dept Overlay 2014/2015 Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 986,047	1,360,377	9,817,785	2,793,196	14,957,405
Property tax receivable	5,478,762	2,271,420		2,888,147	10,638,329
Accounts receivable, net				591,519	591,519
Fines receivable, net	44,285				44,285
Capital lease receivables				443,501	443,501
Intergovernmental receivables	158,392			10,619	169,011
Other receivables	29,175			21,174	50,349
Due from other funds	90,234	117,135		1,006,441	1,213,810
Advances to other funds	78,951	169,912		17,500	266,363
Restricted assets - cash	103,450				103,450
Total Assets	\$ 6,969,296	3,918,844	9,817,785	7,772,097	28,478,022
LIABILITIES					
Claims payable	\$ 139,523	84,444		307,145	531,112
Intergovernmental payables	460,823	109,938			570,761
Due to other funds	721,703	149,289		398,798	1,269,790
Advances from other funds	17,500			248,863	266,363
Unearned revenue				15,124	15,124
Amounts held in custody for others	63,681				63,681
Total Liabilities	1,403,230	343,671	0	969,930	2,716,831
DEFERRED INFLOWS OF RESOURCES:					
Deferred revenue - property taxes	\$ 5,478,762	2,271,420		2,888,147	10,638,329
Deferred revenue - accounts receivables				591,519	591,519
Deferred revenue - fines receivables	44,285				44,285
Deferred revenue - capital leases				443,501	443,501
Total deferred inflows of resources	5,523,047	2,271,420	0	3,923,167	11,717,634
Fund balances:					
Nonspendable:					
Advances	78,951				78,951
Restricted for:					
General government				12,744	12,744
Public safety	97,305			650,164	747,469
Public works		1,303,753	9,817,785	1,961,548	13,083,086
Culture and recreation				22,272	22,272
Economic development and assistance				92,821	92,821
Debt service	6,145			697,791	703,936
Unassigned	(139,382)			(558,340)	(697,722)
Total Fund Balances	43,019	1,303,753	9,817,785	2,879,000	14,043,557
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,969,296	3,918,844	9,817,785	7,772,097	28,478,022

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

Copiah County, MississippiExhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total fund balance of governmental funds	\$ 14,043,557
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation:	
Land and construction in progress	\$ 1,520,966
Other capital assets	153,466,715
Accumulated depreciation	<u>(87,852,969)</u>
	67,134,712
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Solid waste accounts receivables	591,519
Fines receivables	<u>44,285</u>
	635,804
Deferred outflows of resources related to pension reported in governmental activities are not financial resources and therefore are not reported in the funds.	1,837,821
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(25,516,731)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(270,815)
Capital leases reported as deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	425,346
Deferred amount on refunding of debt reported as deferred outflows of resources in governmental activities is not a financial resource and therefore is not reported in the funds.	51,438
Net pension liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(10,116,042)</u>
Net position of governmental activities	\$ <u><u>48,225,090</u></u>

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

Copiah County, Mississippi

Exhibit 4

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

	Major Funds				Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Road Dept Overlay 2014/2015 Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 5,378,553	1,937,017		2,933,918	10,249,488
Road and bridge privilege taxes		365,884			365,884
Licenses, commissions and other revenue	314,512			47,293	361,805
Fines and forfeitures	327,459			8,672	336,131
Intergovernmental revenues	923,514	913,928		1,596,673	3,434,115
Charges for services	392,964	7,050		1,466,321	1,866,335
Interest income	63,180			278	63,458
Miscellaneous revenues	107,067	999		7,820	115,886
Total Revenues	<u>7,507,249</u>	<u>3,224,878</u>	<u>0</u>	<u>6,060,975</u>	<u>16,793,102</u>
EXPENDITURES					
Current:					
General government	3,347,446			391,350	3,738,796
Public safety	3,409,032			1,394,089	4,803,121
Public works	319,585	3,775,309	1,974,193	4,055,202	10,124,289
Health and welfare	402,582				402,582
Culture and recreation	143,813			22,354	166,167
Education	37,798				37,798
Conservation of natural resources	103,679				103,679
Economic development and assistance	139,691				139,691
Debt service:					
Principal	291,310	390,212		819,960	1,501,482
Interest	209,376	22,156		250,504	482,036
Bond issue costs			209,072		209,072
Total Expenditures	<u>8,404,312</u>	<u>4,187,677</u>	<u>2,183,265</u>	<u>6,933,459</u>	<u>21,708,713</u>
Excess of Revenues over (under) Expenditures	<u>(897,063)</u>	<u>(962,799)</u>	<u>(2,183,265)</u>	<u>(872,484)</u>	<u>(4,915,611)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	81,641	1,082,934	12,000,000	886,982	14,051,557
Proceeds from sale of capital assets		148,456		64,000	212,456
Premiums on bonds issued			1,050		1,050
Lease principal payments				51,837	51,837
Transfers in	3,000			403,553	406,553
Transfers out	(403,553)			(3,000)	(406,553)
Total Other Financing Sources and Uses	<u>(318,912)</u>	<u>1,231,390</u>	<u>12,001,050</u>	<u>1,403,372</u>	<u>14,316,900</u>
Net Changes in Fund Balances	(1,215,975)	268,591	9,817,785	530,888	9,401,289
Fund Balances - Beginning	<u>1,258,994</u>	<u>1,035,162</u>	<u>0</u>	<u>2,348,112</u>	<u>4,642,268</u>
Fund Balances - Ending	<u>\$ 43,019</u>	<u>1,303,753</u>	<u>9,817,785</u>	<u>2,879,000</u>	<u>14,043,557</u>

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

Copiah County, Mississippi

Exhibit 4-1

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

	<u>Amount</u>	
Net change in fund balances - total Governmental Funds	\$	9,401,289
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$	3,801,509
Depreciation expense		<u>(2,351,162)</u>
		1,450,347
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. In the current period, these amounts are:		
Net gain on sale of capital assets		41,500
Proceeds from sale of capital assets		<u>(212,456)</u>
		(170,956)
The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and the difference between the carrying value of refunded debt and the acquisition costs of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Long-term debt issued		(14,051,557)
Payments on debt principal		1,501,482
Premiums on bonds issued		(1,050)
Accrued interest payable		<u>(245,601)</u>
		(12,796,726)
Some items reported in the Statement of Activities related to the implementation of GASB 68 are not reported as revenues/expenditures in the Governmental Funds. These activities include:		
Recording pension expense for the current year		(1,226,002)
Recording of contributions made subsequent to the measurement date		163,442
Recording of contributions made in difference calculated to net pension liability		<u>489,902</u>
		(572,658)
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 received increase financial resources. In the current period this amount is:		
		(51,837)
Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in Governmental Funds. These activities include:		
Change in compensated absences		(18,714)
Change in deferred revenues - accounts receivable		33,460
Change in deferred revenues - fines		(6,246)
Amortization of premiums		4,528
Amortization of discounts		(2,718)
Amortization of deferred amount on refunding		<u>(8,573)</u>
		<u>1,737</u>
Change in net position of governmental activities	\$	<u><u>(2,738,804)</u></u>

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

Copiah County, Mississippi
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 482,660
Other receivables	899
Due from other funds	<u>56,723</u>
Total Assets	<u><u>\$ 540,282</u></u>
LIABILITIES	
Intergovernmental payables	\$ 246,756
Due to other funds	743
Amounts held in custody for others	<u>292,783</u>
Total Liabilities	<u><u>\$ 540,282</u></u>

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

Copiah County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2015

COPIAH COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Copiah County, Mississippi (the 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 Copiah 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 these component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Copiah County Economic Development District
- Hardy Wilson Memorial Hospital
- Copiah-Jefferson Regional Library

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

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

B. Individual Component Unit Disclosures.

Blended Component Unit

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

COPIAH COUNTY

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

Central Mississippi Public Improvement Corporation was incorporated as a nonprofit corporation under Section 31-8-3, Miss. Code Ann. (1972), which allows counties to enter into lease agreements with any corporation. The corporation produces a financial benefit through its ability to acquire, construct, finance, equip and lease facilities to the primary government and impose a financial burden on the primary government by obligating funds to repay the debt pursuant to a lease agreement. See Note 12 for further disclosure concerning the issuance of certificates of participation and related capital facilities.

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and an accompanying note disclosures 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.

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

Fund Financial Statements:

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

COPIAH COUNTY

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

presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major governmental funds:

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

Countywide Road Maintenance Fund - This fund is used to accounts for the maintenance and preservation of local roads financed with various revenue sources restricted for this purpose.

Road Dept Overlay 2014/2015 Fund - This fund is used to account for bond proceeds restricted for the construction and maintenance of roads and bridges.

Additionally, the County reports the following fund:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified

COPIAH COUNTY

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

purposes other than debt service or capital projects.

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a

COPIAH COUNTY

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

nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivable and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Restricted Assets.

As approved by Section 91-13-8, Miss. Code Ann. (1972), cash that is managed through a trust indenture between the County and the Trustee related to the construction and debt payments of the new Copiah County Jail Project.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Funds statements and the related assets are reported as capital assets in the 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 customer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of the donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

COPIAH COUNTY

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

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

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

K. Deferred Outflows/Inflows of Resources.

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

Deferred amount on refunding – For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows related to pensions – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 17 for additional details.

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

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

COPIAH COUNTY

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

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

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

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

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

N. Equity Classifications.

Government-wide Financial Statements:

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

COPIAH COUNTY

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

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

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

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investments in capital assets”.

Net Position Flow Assumption:

When an expense 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 expenses 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.

Fund Financial Statements:

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

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

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

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General

COPIAH COUNTY

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

Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

O. 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.

P. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are generally recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditures is made because expenditure is the prime factor for determining eligibility.

COPIAH COUNTY

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

Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

Q. Compensated Absences.

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

R. Changes in Accounting Standards.

The County implemented the following standards issued by GASB in the current fiscal year as required: 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*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

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

Exhibit 2 - Statement of Activities.

Explanation	Amount
<u>Governmental Activities:</u>	
Implementation of GASB 68 and 71:	
Net pension liability (09/30/2014)	\$ (7,859,586)
Deferred outflows - contributions made during fiscal year 2014	154,023
Total prior period adjustment related to GASB 68 and 71	\$ <u>(7,705,563)</u>
Total prior period governmental activities adjustments	\$ <u><u>(7,705,563)</u></u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$15,543,515, including restricted cash, and the bank balance was \$15,844,319. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected

COPIAH COUNTY

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

through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Restricted Cash:

As provided in Section 91-13-8, Miss. Code Ann. (1972), a cash balance amount of \$103,450 is managed through a trust indenture between the County and the trustee related to the construction and debt payments of the new Copiah County jail project. Accordingly, this cash is classified as restricted on the financial statements.

(4) **Interfund Transactions and Balances.**

A. Due From/To Other Funds:

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

Receivable Fund	Payable Fund	Amount
General Fund	Countywide Road Maintenance Fund	\$ 90,234
Countywide Road Maintenance Fund	General Fund	117,135
Other Governmental Funds	General Fund	562,441
Other Governmental Funds	Countywide Road Maintenance Fund	44,459
Other Governmental Funds	Other Governmental Funds	398,798
Other Governmental Funds	Agency Funds	743
Agency Funds	General Fund	42,127
Agency Funds	Countywide Road Maintenance Fund	14,596
Total		\$ 1,270,533

The receivables represent the tax revenue collected in September, 2015 but not settled until October, 2015 and to cover cash deficits in the Drug Court Fund, Airport Proj #3-28-0023-0203GRT Fund, Reappraisal Maintenance Fund, E-911 Service Fund, RIF-Rural Impact Fund, Refunding Gen Obligation 2010 Fund, Copiah Co Jail Series 2012 Fund, FEMA 361 Storm Shelter #0450 Fund and Clearing Fund-Schools & Cities. Also, to correctly record cash owed for additional privilege taxes originally received in the Countywide Road Maintenance Fund.

COPIAH COUNTY

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

All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 78,951
Countywide Road Maintenance Fund	Other Governmental Funds	169,912
Other Governmental Funds	General Fund	<u>17,500</u>
Total		\$ <u><u>266,363</u></u>

The purpose of the advances was to cover a deficit in the Road and Bridge Series Fund 2007 and revenues recorded incorrectly.

C. Interfund Transfers

During the year ended September 30, 2015, interfund transfers consisted of:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,000
Other Governmental Funds	General Fund	<u>403,553</u>
		\$ <u><u>406,553</u></u>

The principal purpose of interfund transfers was to provide funds for budgeted items. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 145,884
MEMA grant	2,400
Reimbursement for housing prisoners	10,108
Airport improvement program	<u>10,619</u>
Total Governmental Activities	\$ <u><u>169,011</u></u>

COPIAH COUNTY

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

(6) Accounts and Fines Receivable.

At September 30, 2015, accounts and fines receivable consisted of:

	Governmental Activities		
	General Fund	Other Governmental Funds	Total
Solid waste accounts receivable	\$	1,690,055	\$ 1,690,055
Allowance for uncollectibles		<u>(1,098,536)</u>	<u>(1,098,536)</u>
Accounts receivable, net	\$	<u>591,519</u>	\$ <u>591,519</u>
Fines receivable	\$ 1,018,413		\$ 1,018,413
Allowance for uncollectibles	<u>(974,128)</u>		<u>(974,128)</u>
Fines receivable, net	\$ <u>44,285</u>		\$ <u>44,285</u>

COPIAH COUNTY

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

(8) Capital Assets.

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

Governmental Activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 1,477,826	43,140			1,520,966
Construction in progress	13,342,107	1,069,361		(14,411,468)	0
Total non-depreciable capital assets	<u>14,819,933</u>	<u>1,112,501</u>	<u>0</u>	<u>(14,411,468)</u>	<u>1,520,966</u>
Depreciable capital assets:					
Infrastructure	114,969,774				114,969,774
Buildings	9,943,554			9,740,535	19,684,089
Improvements other than buildings	2,708,472			4,670,933	7,379,405
Mobile equipment	5,859,322	991,528	218,211	738,192	7,370,831
Furniture and equipment	1,566,232	99,596	302,759		1,363,069
Leased property under capital leases	2,098,275	1,597,884	258,420	(738,192)	2,699,547
Total depreciable capital assets	<u>137,145,629</u>	<u>2,689,008</u>	<u>779,390</u>	<u>14,411,468</u>	<u>153,466,715</u>
Less accumulated depreciation for:					
Infrastructure	72,764,990	554,725			73,319,715
Buildings	5,077,785	548,716			5,626,501
Improvements other than buildings	841,658	482,018			1,323,676
Mobile equipment	4,873,046	381,317	196,390	394,274	5,452,247
Furniture and equipment	1,322,439	99,188	272,484		1,149,143
Leased property under capital leases	1,230,323	285,198	139,560	(394,274)	981,687
Total accumulated depreciation	<u>86,110,241</u>	<u>2,351,162</u>	<u>608,434</u>	<u>0</u>	<u>87,852,969</u>
Total depreciable capital assets, net	<u>51,035,388</u>	<u>337,846</u>	<u>170,956</u>	<u>14,411,468</u>	<u>65,613,746</u>
Governmental activities capital assets, net	<u>\$ 65,855,321</u>	<u>1,450,347</u>	<u>170,956</u>	<u>0</u>	<u>67,134,712</u>

*Adjustments to capital assets were for transfers of completed construction projects and reclassification of capital leases to the proper asset category.

Depreciation expense was charged to the functions/programs of the governmental activities are as follows:

COPIAH COUNTY

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

	<u>Amount</u>
Governmental Activities:	
General government	\$ 96,942
Public safety	827,310
Public works	1,396,764
Health and welfare	<u>30,146</u>
Total governmental activities depreciation expense	<u>\$ 2,351,162</u>

(9) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015 to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(10) Capital Leases.

As Lessor:

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

<u>Classes of Property</u>	<u>Amount</u>
Industrial buildings	\$ <u>1,267,148</u>

COPIAH COUNTY

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

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

Year Ending September 30	Principal	Interest
2016	\$ 45,362	2,638
2017	45,913	2,087
2018	45,981	2,019
2019	46,015	1,985
2020	46,566	1,434
2021 – 2025	195,509	7,992
Total	\$ 425,346	18,155

As Lessee:

At September 30, 2015, assets recorded under capital leases were as follows:

Classes of Property	Governmental Activities
Mobile equipment	\$ 2,699,547
Less: Accumulated depreciation	981,687
Lease Property Under Capital Leases	\$ 1,717,860

Year Ending September 30	Principal	Interest
2016	\$ 287,470	30,236
2017	237,650	24,798
2018	242,115	20,333
2019	132,846	15,784
2021 – 2025	688,098	4,228
Total	\$ 1,588,179	95,379

In connection with the acquisition of capital assets, in the current year the County incurred interest cost of \$734,400 in the governmental activities, none of which was capitalized.

COPIAH COUNTY

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

(11) Short-term Debt and Liquidity.

The following is a summary of short-term debt activity for the year ended September 30, 2015:

Description of Debt	Balance <u>Oct. 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	Balance <u>Sept. 30, 2015</u>
Governmental Activities:					
FEMA 361 Storm Shelter #0450	\$ 616,340	173,748	790,088	—	0
Total	<u>\$ 616,340</u>	<u>173,748</u>	<u>790,088</u>	<u>0</u>	<u>0</u>

COPIAH COUNTY

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

(12) Long-term Debt.

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Road and bridge bonds - Series 2007	\$ 4,230,000	4.00/5.25%	03/2027
GO Refunding Bonds - Series 2010	1,195,000	2.00/4.75%	07/2021
GO Road and Bridge Bonds, Series 2014	6,000,000	2.625/3.75%	11/2034
GO Road and Bridge Bonds, Series 2015	<u>6,000,000</u>	3.00/3.50%	03/2035
Total General Obligation Bonds	<u>\$ 17,425,000</u>		
B. Limited Obligation Bonds:			
Certificates of Participation, Jail Project	<u>\$ 5,565,000</u>	2.50/5.00%	09/2032
C. Capital Leases:			
Three sheriff cars	\$ 81,641	1.79%	04/2018
Chevrolet trucks (2) & Ford trucks (5)	54,201	1.95%	09/2016
Three Caterpillar 12 M3 motor graders	614,058	2.01%	12/2019
Four Caterpillar 420F loaders	338,041	2.01%	12/2019
Three Freightliners w/dump bodies	248,526	1.67%	08/2018
Microdata E-911 System	<u>251,712</u>	2.04%	11/2019
Total Capital Leases	<u>\$ 1,588,179</u>		
D. Other Loans:			
Sugar Farm Road CAP loan	\$ 92,638	3.00%	01/2021
2 fire trucks CAP loan	81,446	2.00%	10/2017
2 fire trucks CAP loan	<u>454,802</u>	2.00%	10/2025
Total Other Loans	<u>\$ 628,886</u>		

COPIAH COUNTY

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

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 690,000	768,204	250,000	199,066
2017	715,000	572,504	255,000	192,754
2018	730,000	545,489	265,000	186,254
2019	750,000	517,001	270,000	179,566
2020	775,000	487,201	280,000	172,691
2021 - 2025	4,850,000	1,888,627	1,525,000	741,548
2026 - 2030	4,500,000	1,037,321	1,850,000	411,947
2031 - 2035	4,415,000	379,638	870,000	35,200
Total	\$ 17,425,000	6,195,985	5,565,000	2,119,026

Governmental Activities - Continued:

<u>Year Ending September 30</u>	<u>Capital Leases</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 287,470	30,236	94,433	11,881
2017	237,650	24,798	99,998	10,501
2018	242,115	20,333	61,293	8,627
2019	132,846	15,784	61,993	7,218
2020	688,098	4,228	63,428	5,698
2021 - 2025			243,563	12,757
2026 - 2030			4,178	7
Total	\$ 1,588,179	95,379	628,886	56,689

Legal Debt Margin - The amount of debt, excluding specific exempt 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 percent 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 percent whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt subject to the limit was equal to 8.18 percent of the latest property assessments.

Certificates of Participation - In accordance with Section 31-8-1 et seq. Miss. Code Ann. (192), the County issued Certificates of Participation and transferred the proceeds to the Central Mississippi Public Improvement Corporation (Corporation). The funds are to be used to construct a new Copiah County jail facility. At completion, the Corporation will enter into a twenty year lease with the County. The County is obligated to pay rent equal to the principal and interest on the debt. At the completion of the lease, the County will assume ownership of the facility. The obligation is not a general obligation and does not constitute a pledge of full faith

COPIAH COUNTY

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

and credit of the County.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 229,241	18,714		247,955	
General obligation bonds	5,855,000	12,000,000	430,000	17,425,000	690,000
Limited obligation bonds	5,810,000		245,000	5,565,000	250,000
Capital leases	738,400	1,596,755	746,976	1,588,179	287,470
Other loans	253,590	454,802	79,506	628,886	94,433
Less:				0	
Discounts	(19,028)		(2,718)	(16,310)	(2,718)
Premiums	81,499	1,050	4,528	78,021	4,580
Total	\$ 12,948,702	14,071,321	1,503,292	25,516,731	1,323,765

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

(13) Deficit Fund Balances of Individual Funds

The following funds reported deficits fund balance at September 30, 2015:

Fund	Amount
Drug Court Fund	\$ 3,377
Airport Proj #3-28-0023-0203GRT Fund	170,111
EDA/Industrial Improvements Fund	57,393
2011 Housing Grant Fund	395
E-911 Service Fund	282,203
RIF-Rural Impact Funds	41,635
Copiah County Jail Series 2012	453,604
FEMA 361 Storm Shelter #0450 Fund	3,226

(14) 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

COPIAH COUNTY

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

an agency 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 ultimately resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Hospital General Obligation Bond Contingencies - In 2015, Copeiah County issued \$14,000,000 in 20-year general obligation bonds to provide funds for construction and improvement of capital facilities of Hardy Wilson Memorial Hospital, as authorized by Section 41-13-19, Mississippi Code Ann. (1972). The debt is payable primarily from the hospital's pledged revenues and is therefore reported as a liability of the hospital. However, because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital, the county remains contingently liable for retirement of the bonds. The principal amount of such debt outstanding at September 30, 2015 was \$14,000,000.

(15) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. 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 an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent 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 2.5 percent 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

COPIAH COUNTY

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

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. 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. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent 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 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$653,344, \$623,042 and \$580,271, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$10,116,042 for its proportionate share of the net pension liabilities. 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. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.065442 percent, which was an increase of 0.000691 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,226,002. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COPIAH COUNTY

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

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 155,681
Net difference between projected and actual earnings on pension plan investments	591,896
Change in assumption	871,463
Changes in proportion and differences between the County's contributions and proportionate share of contributions	55,339
County contributions subsequent to the measurement Date	<u>163,442</u>
	<u>\$ 1,837,821</u>

\$163,442 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in the year ended 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>	
2016	\$ 545,945
2017	545,945
2018	434,514
2019	147,974

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 - 19.00 percent, including inflation
Investment rate of return	7.75 percent, net 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, with males rates set forward one year.

COPIAH COUNTY

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

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 to 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.

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International equity	19.00%	5.00%
Emerging markets equity	8.00%	5.45%
Fixed income	20.00%	0.25%
Real assets	10.00%	4.00%
Private equity	8.00%	6.15%
Cash	1.00%	-0.50%
Total	100.00%	

Discount Rate. – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that 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 County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. – The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

COPIAH COUNTY

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability \$	13,333,871	10,116,043	7,445,847

Pension Plan Fiduciary Net Position. – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Copiah County Board of Supervisors appoints three of the 33 members of the board of directors. The County contributes a small percentage of the district’s total revenue.

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Copiah County Board of Supervisors appoints six of the 27 members of the college board of trustees. The County appropriated \$776,669 for maintenance and support of the college in fiscal year 2015.

Hinds Community College operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Copiah County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$202,700 for maintenance and support 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 Copiah County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$65,140 for support of the commission in fiscal year 2015.

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 Copiah County Board of Supervisors appoints two of the 26 members of the board. The County provides only modest financial support for the district.

(17) Effect of Deferred Amounts on Net Position.

The unrestricted net position amount of (\$9,340,508) in the governmental activities includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$1,837,821 balance of deferred outflow of resources in the governmental activities, at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

COPIAH COUNTY

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

The net investment in capital assets net position amount of \$43,174,085 includes the effect of deferring the recognition of expenses resulting from a deferred outflow on refunding of County debt. The \$51,438 balance of the deferred outflow of resources at September 30, 2015 will be recognized as an expense and will increase the net investment in capital assets net position.

The unrestricted net position amount of (\$9,340,508) in the governmental activities includes the effect of deferring the recognition of revenue resulting from property taxes for a future reporting period. The \$10,638,329 balance of deferred inflow of resources in the governmental activities, at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position in the next years.

The unrestricted net position amount of (\$9,340,508) in the governmental activities includes the effect of deferring the recognition of revenue resulting from capital leases for a future reporting period. The \$18,155 balance of deferred inflow of resources in the governmental activities, at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position next year.

(18) Subsequent Events.

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

<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/17/2016	1-2.5%	\$ 3,875,000	G.O. Refunding Bonds	Ad valorem taxes
02/01/2016	3%	1,660,000	CAP Loan	Rental payments

REQUIRED SUPPLEMENTARY INFORMATION

Copiah County, Mississippi
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 5,563,392	5,188,238	5,188,238	-
Licenses, commissions and other revenue	294,400	311,886	311,886	-
Fines and forfeitures	383,000	344,668	344,668	-
Intergovernmental revenues	431,225	643,136	643,136	-
Charges for services	420,000	400,513	400,513	-
Interest income	20,000	63,156	63,156	-
Miscellaneous revenues	90,000	109,808	109,808	-
Total Revenues	<u>7,202,017</u>	<u>7,061,405</u>	<u>7,061,405</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	3,220,578	3,380,250	3,380,250	-
Public safety	2,703,810	3,190,370	3,190,370	-
Public works	317,050	329,878	329,878	-
Health and welfare	232,584	235,467	235,467	-
Culture and recreation	137,368	143,666	143,666	-
Conservation of natural resources	87,246	100,718	100,718	-
Economic development and assistance	140,648	139,691	139,691	-
Debt service:				
Principal	497,046	291,310	291,310	-
Interest	-	209,376	209,376	-
Total Expenditures	<u>7,336,330</u>	<u>8,020,726</u>	<u>8,020,726</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(134,313)</u>	<u>(959,321)</u>	<u>(959,321)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	119,588	119,588	-
Other financing uses	-	(403,554)	(403,554)	-
Total Other Financing Sources and Uses	<u>-</u>	<u>(283,966)</u>	<u>(283,966)</u>	<u>-</u>
Net Change in Fund Balance	(134,313)	(1,243,287)	(1,243,287)	-
Fund Balances - Beginning	991,381	817,992	817,992	-
Fund Balances - Ending	<u>\$ 857,068</u>	<u>(425,295)</u>	<u>(425,295)</u>	<u>-</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 2,242,420	1,877,273	1,877,273	-
Road and bridge privilege taxes	355,000	363,049	363,049	-
Intergovernmental revenues	956,000	1,042,883	1,042,883	-
Charges for services	-	7,050	7,050	-
Miscellaneous revenues	-	999	999	-
Total Revenues	<u>3,553,420</u>	<u>3,291,254</u>	<u>3,291,254</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,040,349	2,716,424	2,716,424	-
Debt service:				
Principal	336,196	719,405	719,405	-
Interest	-	22,963	22,963	-
Total Expenditures	<u>3,376,545</u>	<u>3,458,792</u>	<u>3,458,792</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>176,875</u>	<u>(167,538)</u>	<u>(167,538)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	148,456	148,456	-
Total Other Financing Sources and Uses	<u>-</u>	<u>148,456</u>	<u>148,456</u>	<u>-</u>
Net Change in Fund Balance	176,875	(19,082)	(19,082)	-
Fund Balances - Beginning	<u>1,121,181</u>	<u>1,379,459</u>	<u>1,379,459</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,298,056</u>	<u>1,360,377</u>	<u>1,360,377</u>	<u>-</u>

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

Copiah County, Mississippi
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road Dept Overlay 2014/2015
 For the Year Ended September 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
EXPENDITURES				
Current:				
Public works	\$ -	2,183,265	2,183,265	-
Total Expenditures	<u>-</u>	<u>2,183,265</u>	<u>2,183,265</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(2,183,265)</u>	<u>(2,183,265)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	12,001,050	12,001,050	-
Total Other Financing Sources and Uses	<u>-</u>	<u>12,001,050</u>	<u>12,001,050</u>	<u>-</u>
Net Change in Fund Balance	-	9,817,785	9,817,785	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>9,817,785</u>	<u>9,817,785</u>	<u>-</u>

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

Copiah County, Mississippi

Schedule of the County's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) \$	10,116,043	7,859,586
County's proportionate share of the net pension liability (asset)	0.065442%	0.064751%
County's covered - employee payroll	4,148,216	3,955,822
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	243.86%	198.68%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

Copiah County, Mississippi
 Schedule of the County's Contributions
 PERS
 Last 10 Fiscal Years*

	2015	2014
Contractually required contribution	\$ <u>653,344</u>	<u>623,042</u>
Contributions in relation to the contractually required contribution	653,344	623,042
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>
County's covered - employee payroll	4,148,216	3,955,822
Contributions as a percentage of covered - employee payroll	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

COPIAH COUNTY

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

Budgetary Comparison Schedules

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

COPIAH COUNTY

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

	Governmental Fund Type		
	General Fund	Countywide Road Maintenance Fund	Road Dept Overlay 2014/2015 Fund
Budget (Cash Basis)	\$ (1,243,287)	(19,082)	9,817,785
Increase (Decrease)			
Net adjustments for revenue accruals	111,614	(66,376)	
Net adjustments for expenditure accruals	53,390	354,049	
Other reconciling items:			
Net change in jail construction project certificates of participation trust accounts	(137,692)		
GAAP Basis	\$ (1,215,975)	268,591	9,817,785

Pension Schedules

A. Changes in benefit terms

None.

B. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

SUPPLEMENTARY INFORMATION

Copiah County, Mississippi
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U. S. Department of Agriculture			
Passed-through the Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665	N/A	<u>75,596</u>
Total passed-through Mississippi State Treasurer's Office			<u>75,596</u>
Total U.S. Department of Agriculture			<u>75,596</u>
U. S. Department of Housing and Urban Development			
Passed-through the Mississippi Development Authority			
Community Development Block Grants/State's Program	14.228	1130-13-015-PF-01	<u>334,049</u>
Total passed-through Mississippi Development Authority			<u>334,049</u>
Total U.S. Department of Housing and Urban Development			<u>334,049</u>
U. S. Department of Transportation			
Federal Aviation Administration			
Direct Program:			
Airport Improvement Program	20.106	3-28-0023-11-2012	313,094
Airport Improvement Program	20.106	3-28-0023-12-2014	<u>395,405</u>
Total Direct Program			<u>708,499</u>
Total Federal Aviation Administration			<u>708,499</u>
Federal Highway Administration			
Passed through the MS Department of Transportation			
Highway Planning and Construction	20.205	BR NBIS B(15)	44,010
Highway Planning and Construction	20.205	MS095 015 1 B	<u>56,280</u>
Total passed-through MS Department of Transportation			<u>100,290</u>
Total U.S. Department of Transportation			<u>808,789</u>
U. S. Department of Homeland Security			
Passed through the MS Emergency Management Agency			
Emergency Management Performance Grant	97.042	14EMPL	3,000
Emergency Management Performance Grant	97.042	15EMPG	<u>29,375</u>
Total passed-through MS Emergency Management Agency			<u>32,375</u>
Passed through the MS Department of Public Safety, MS Office			
Homeland Security Grant Program	97.067	13HSO15	<u>35,000</u>
Total passed-through MS Department of Public Safety, MS Office			<u>35,000</u>
Total U.S. Department of Homeland Security			<u>67,375</u>
Total Expenditures of Federal Awards			<u>\$ 1,285,809</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

Note B - CFDA #10.665 School and Roads Grants to States

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$37,798 to subrecipients during the year ended September 30, 2015.

OTHER INFORMATION

Copiah County, Mississippi

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2015

UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Earl Dixon, Jr.	Supervisor District 1	Brierfield Insurance Company	\$100,000
Terry L. Channell	Supervisor District 2	Brierfield Insurance Company	\$100,000
Perry V. Hood	Supervisor District 3	Brierfield Insurance Company	\$100,000
Kenneth Powell	Supervisor District 4	Brierfield Insurance Company	\$100,000
Jimmy L Phillips	Supervisor District 5	Brierfield Insurance Company	\$100,000
Ronnie Barlow	County Administrator	Brierfield Insurance Company	\$100,000
Steve Amos	Chancery Clerk	Brierfield Insurance Company	\$100,000
Brandie Sims	Purchase Clerk	Brierfield Insurance Company	\$75,000
Sandra Sullivan	Assistant Purchase Clerk	Brierfield Insurance Company	\$50,000
Mary J. Harris	Receiving Clerk	Brierfield Insurance Company	\$75,000
Ronnie Barlow	Assistant Receiving Clerk	Brierfield Insurance Company	\$50,000
Joa Williams	Inventory Control Clerk	Brierfield Insurance Company	\$75,000
Booky Thompson	Road Manager	Brierfield Insurance Company	\$75,000
Jimmy Dale White	Constable	Brierfield Insurance Company	\$50,000
Ronnie Earls	Constable	Brierfield Insurance Company	\$50,000
Edna E. Stevens	Circuit Clerk	Brierfield Insurance Company	\$100,000
Harold L. Jones	Sheriff	Brierfield Insurance Company	\$100,000
Derrick L Cubit	Undersheriff	Brierfield Insurance Company	\$50,000
Lillie McKenzie	Justice Court Judge	Brierfield Insurance Company	\$50,000
Vickie Bass Ramsey	Justice Court Judge	Brierfield Insurance Company	\$50,000
Mona Lisa Carr	Justice Court Clerk	Brierfield Insurance Company	\$50,000
Vicky Lavell Smith	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
Tara Middleton	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
April S. Holloway	Tax Collector	Brierfield Insurance Company	\$100,000
Melinda Terrell	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Chiquita Sandifer	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Cheryl K. Parks	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Linda Turman	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
James Todd Mooney	Tax Assessor	Brierfield Insurance Company	\$50,000

Note: Brierfield Insurance Company is a member of FCCI Insurance Group

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Copiah County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Copiah 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 October 4, 2016. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2015-002, 2015-003 and 2015-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Copiah 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*.

However, we noted certain matters that we reported to the management of Copiah County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 4, 2016, included within this document.

Copiah County's Responses to Findings

Copiah County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Copiah County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
October 4, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Copiah County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Copiah County, Mississippi's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Copiah County, Mississippi's major federal programs for the year ended September 30, 2015. Copiah County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Copiah 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 Copiah County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe 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 of Copiah County, Mississippi's compliance.

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Basis for Qualified Opinion on Airport Improvement Program

As described in the accompanying Schedule of Findings and Questioned Costs, Copiah County, Mississippi did not comply with requirements regarding the Airport Improvement Program detailed in finding 2015-005 for the compliance requirement, Procurement, Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for Copiah County, Mississippi to comply with the requirements applicable to that program.

Qualified Opinion on Airport Improvement Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Copiah 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 the Airport Improvement Program for the year ended September 30, 2015.

Report on Internal Control Over Compliance

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

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of Findings and Questioned Costs as item 2015-005 that we consider to be a material weakness.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 4, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Copiah County, Mississippi

We have examined Copiah 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 Copiah 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 Copiah 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, Copiah 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 and, in our opinion, is fairly presented in relation to that examination.

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TELEPHONE 601-992-5292 FAX 601-992-2033

This report is intended for use in evaluating Copiah County, Mississippi's compliance with the aforementioned requirements, 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 4, 2016

Certified Public Accountants

Copiah County, Mississippi
 Schedule of Purchases From Other than the Lowest Bidder
 For the Year Ended September 30, 2015

Schedule 1

<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>
9/2/2014	S.O./Jail Software System	\$ 51,080	Securus Technology, Inc.	\$ 47,785	More user friendly and annual fee will be lower.
6/16/2015	Diesel / Gas	Gas \$2.182 Diesel \$2.054	Bailey Oil	Gas \$2.130 Diesel \$2.050	South Barn location was completely out of operating fuel. Bailey was only vendor that was available to haul load.
9/8/2015	Construction work on porch - Heritage House	\$ 12,941	Copeland Construction	\$ 10,267	Lowest bidder could not perform work at quoted price.

Copiah County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our test results did not identify any emergency purchases.

Copiah County, Mississippi

Schedule 3

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
12/2/2014	18 inch reduction gear aerator gear box	\$ 4,881	Lakeside Equipment

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Copiah County, Mississippi

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

In addition, for areas not considered material to Copiah County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 4, 2016, on the financial statements of Copiah County, Mississippi.

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

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

Board of Supervisors.

1. The County should settle rail car in lieu taxes to the appropriate taxing districts.

Finding:

Section 27-35-519, Miss. Code Ann. (1972), states that payments of rail car taxes determined by the State Tax Commission shall be sent to the clerk of the board of supervisors of the counties of the state to which payments have been allocated, and the respective clerks shall apportion the County payment to the municipalities and other taxing districts in proportion to the number of miles of railroad in the municipality or other taxing districts to the number of miles of railroad in

the entire County. The results of our audit procedures disclosed that the County posted all of the rail car in lieu taxes received to the County's general fund. None of the rail car taxes were settled to the appropriate taxing districts. Failure to settle the rail car in lieu taxes to the appropriate taxing district is a direct violation of state statute and could result in the misappropriation of public funds.

Recommendation:

The Board of Supervisors should implement controls to ensure that the rail car in lieu taxes are settled to the appropriate taxing districts in accordance with state statute.

Board of Supervisors' Response:

Will comply.

2. The County should settle additional privilege taxes on carriers of property and on buses to the appropriate tax districts.

Finding:

Section 27-19-11, Miss. Code Ann. (1972). States that, in addition to the annual highway privilege tax levied on each motor vehicle, truck-tractor, or road tractor of each carrier of property, and on each bus, an additional annual privilege tax is levied on vehicles with a gross weight exceeding ten thousand (10,000) pounds. The statute goes on the state that the additional privilege tax shall be distributed to the counties on the basis of the ratio of the number of motor vehicles registered in excess of ten thousand (10,000) pounds, in each taxing district in each county, to the total number of such vehicle registered statewide. The counties shall then distribute these proceeds as they would if these collections were ad valorem taxes. The results of our audit procedures disclosed that the County settled all of the privilege taxes on carries of property and buses received to the county-wide road maintenance funds. None of the taxes were settled to the appropriate taxing districts. Failure to settle the additional privilege taxes to the appropriate taxing district is a direct violation of state statute and could result in the misappropriation of public funds.

Recommendation:

The Board of Supervisors should implement controls to ensure the additional privilege taxes are settled to the applicable taxing districts in accordance with the additional privilege schedule that comes with the state warrant.

Board of Supervisors' Response:

Will comply.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 4, 2016

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Copiah County, Mississippi

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental Activities: Unmodified
Aggregate Discretely Presented Component Units: Adverse
General Fund: Unmodified
Countywide Road Maintenance Fund: Unmodified
Road Dept Overlay 2014/2015 Fund: Unmodified
Aggregate remaining fund information: Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? Yes
 - b. Significant deficiency(ies) identified? No.
5. Type of auditor's report issued on compliance for major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Given</u>
20.106	Airport Improvement Program	Qualified
14.228	Community Development Block Grants/State's Program	Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ____.510(a) of OMB Circular A-133? Yes
7. Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
14.228	Community Development Block Grants/State's Program

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to financial statements that are required to be reported by *Government Auditing Standards*.

Board of Supervisors.

Material Weakness

Finding 2015-001:

Criteria

Generally accepted accounting principles require the financial data of its component units to be reported with the financial data of the County's primary government unless the County issues financial statements for the financial reporting entity that include the financial data of its component units.

Condition

As reported in the prior eight years' audit reports, the County's financial statements do not include the financial data of the County's discretely presented component units.

Cause

The County did not provide audited financial statements for the required presentation of the aggregate discretely presented component units.

Effect

Failure to include the data required by generally accepted accounting principles resulted in an adverse opinion on the aggregate discretely presented component units.

Recommendation

The Board of Supervisors should provide the financial data of all its component units in accordance with generally accepted accounting principles.

Significant Deficiency

Finding 2015-002:

Criteria

Information technology standards along with best business practices dictate that obsolete hardware and software needs to be replaced. In conjunction with systems turnover, employee passwords should be strengthened and expire periodically to be replaced by new unique passwords.

Condition

As reported in the prior year audit report, the County uses in some instances obsolete hardware and software. Also, passwords are not set to expire and in some instances are not considered strong by industry standards.

Cause

The County currently runs operating systems as well as applications on some of its personal computers that might not be supported by their software vendors. Password security currently allows for passwords to be carried by individual users indefinitely. Password strength appears to be a limitation of the accounting system and the number of characters that can be used.

Effect

Use of obsolete equipment and software coupled with insufficient password strength and turnover created system vulnerabilities that can be exploited by outside activity such as system hacking and malware injected into the system.

Recommendation

The Board of Supervisors should institute a written plan of action on replacing obsolete hardware and software beginning this project as soon as possible. Also, the Board should institute a password policy allowing for frequent password change along with stronger password protections integrated into their software systems.

Significant Deficiency

Finding 2015-003:

Criteria

Best business practices as well as information technology standards dictate various guidelines for frequency and criteria for performing network reviews. The Mississippi Enterprise Security Policy requires network reviews to be performed, at minimum, every three years or more frequently whenever business situations change that may raise the level of risk for unauthorized access to data assets. Examples of which include:

- Major change(s) in network technology
- Implementation of new financial applications
- Length of time since the last network review
- Recent network penetration or malware infection (and possible data loss) due to unauthorized party activity
- Changes in support levels for hardware and software
- Lack of security event monitoring
- Insufficient anti-virus software

Network reviews should include vulnerability scans as well as penetration tests. A vulnerability scan or assessment looks for known system vulnerabilities and reports potential exposure threats. This test is designed to actually exploit weaknesses in the system architecture.

Condition

As noted in the prior year, factors noted during the Information Technology General Control (ITGC) assessment of the County indicated a network review was warranted.

Cause

The County has not performed a network review security assessment.

Effect

System data breaches can cost the County in fines levied, additional regulatory oversight, bad public relations, taxpayer distrust, and personnel time to correct issues caused by unauthorized access. Consequences can be short-term (e.g., notification of breached parties) and long-term (e.g., litigation).

Recommendation

The Board of Supervisors should perform a network security assessment as soon as possible. Any factors that might increase the risk of unauthorized access to the County's data assets should be considered when determining the exact scope of the network security review to be performed. This review should consist of risk assessments, vulnerability scans and penetration tests. These tests should be performed by qualified third party specialists.

Significant Deficiency

Finding 2015-004:

Criteria

Best business practices as well as information technology standards dictate the County should have a written disaster recovery process in the event of a system shutdown of any significant length of time. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobiT, Section DS4),

requires a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster.

Condition

As noted in the prior year, factors noted during the Information Technology General Control (ITGC) assessment of the County indicated the County used an automated system to perform daily backups of the AS400, but is not restoring such files as part of a formal, documented disaster recovery exercise.

Cause

The County can routinely back up data files and programs along with periodically restoring these files as part of a formal, documented disaster recovery exercise. This action, while currently not being performed, can maintain the County's ability to regain computer operations and have critical data that is up to date if a restoration needs to be performed after a disaster.

Effect

Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster. Data lost may be impossible to recreate. Risk and probability of material loss to the County escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

The Board of Supervisors should develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of a disaster scenario. Furthermore, the County should develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subject to proper testing. Employees should be aware of their responsibilities in the event of a disaster with frequent plan updates in order to maintain readiness.

Section III: Federal Awards Findings and Questioned Costs

Finding 2015-005:

Compliance Requirement: Procurement and Suspension and Debarment

Program: CFDA #20.106 - Airport Improvement Program

Award number: 3-28-0023-011-2012

U.S. Department of Transportation, Federal Aviation Administration

Material Weakness and Material Noncompliance

Criteria

The County should establish controls to ensure required procurement procedures are followed. The *Terms and Conditions of Accepting Airport Improvement Program Grants and FAA Advisory Circular 150/5100-14D* stipulates the County must use qualifications-based selection procedures in the selection and engagement of architectural, engineering, and planning consultants. Furthermore, qualifications-based procedures require that a contract for architectural/engineering services be awarded pursuant to a fair and open selection process based on firm qualifications. Also, the Circular states the relationship of the consultant with the County should be clearly defined by a written agreement before commencement of actual work.

Condition

As noted in the prior year, audit procedures indicated in the prior audit report that no solicitation of qualifications for planning and engineering services was published before procuring such project services. Additionally, no executed contract copy between the County and Airport Development Group, the contractor, was provided to the auditor nor was Board approval noted.

Cause

The County entered into a services contract without a noted contract nor with approval noted in the Board minutes.

Effect

Failure to adhere to grant agreement terms could result in the County repaying funds to the affected federal agency and make the County ineligible for future awards.

Recommendation

The Board of Supervisors should implement internal controls to ensure the terms of the grant agreement(s) are adhered to relative to procurement for project services.

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

DARYL McMILLIAN, SR.
District 1

TERRY CHANNELL
District 2

PERRY V. HOOD
District 3

KENNETH R. POWELL
District 4

BOARD OF SUPERVISORS
COPIAH COUNTY
P. O. BOX 551
HAZLEHURST, MISSISSIPPI 39083
Telephone (601) 894-1858
Fax (601) 894-1908

JIMMY PHILLIPS
District 5

STEVE AMOS
Clerk of Board

ELISE B. MUNN
Attorney for Board

RONNIE BARLOW
County Administrator

CORRECTIVE ACTION

October 5, 2016

Fortenberry & Ballard, PC
1929 Spillway Road, Suite B
Brandon, MS 39047

Gentlemen:

Copiah County respectfully submits the following corrective action plan for the year ended September 30, 2015. The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

Section 2: FINANCIAL STATEMENT FINDINGS

2015-001. Corrective Action Planned:

We will comply.

Anticipated Completion Date:

December 31, 2016

Name of Contact Person Responsible for Corrective Action:

Ronnie Barlow, County Administrator (601) 894-1858

2015-002. Corrective Action Planned:

Our IT staff will inventory the network personal computers and upgrade where equipment is deemed obsolete. Quotes will be obtained for replacement of obsolete inventory items. A Microsoft Windows 2008 R2 Active Directory Server manages workplace credentials and has the capability to enforce password strength.

Anticipated Completion Date:

December 31, 2016

Name of Contact Person Responsible for Corrective Action:

Ronnie Barlow, County Administrator (601) 894-1858

2015-003. Corrective Action Planned:

Our IT staff is in the process of drafting a Disaster Recovery Plan. Particular emphasis will be stressed regarding the backup and safety of Mission Critical Data/Services as well as access to data in the event of a disaster.

Anticipated Completion Date:

December 31, 2016

Name of Contact Person Responsible for Corrective Action:

Ronnie Barlow, County Administrator (601) 894-1858

2015-004. Corrective Action Planned:

With guidance from the IT staff, an Acceptable Use Policy will be developed to include the security nature and expected use of the County's Network to include internet use and use of all County network hardware and software.

Anticipated Completion Date:

December 31, 2016

Name of Contact Person Responsible for Corrective Action:

Ronnie Barlow, County Administrator (601) 894-1858

Section 3: FEDERAL AWARD FINDING

2015-005. Corrective Action Planned:

We will comply.

Anticipated Completion Date:

December 31, 2016

Name of Contact Person Responsible for Corrective Action:

Ronnie Barlow, County Administrator (601) 894-1858

BOARD OF SUPERVISORS

COPIAH COUNTY

P.O. BOX 551

HAZLEHURST, MS 39083

Tel:(601)-894-1858

Fax:(601)-894-1908

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section __.315(b) of OMB Circular A-133, the Copiah County has prepared and hereby submits the following summary schedule of prior audit findings as of September 30, 2015:

<u>Finding</u>	<u>Status</u>
2014-007	Not Corrected (See Finding 2015-005)