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**YAZOO COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2013**

YAZOO COUNTY  
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YAZOO COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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(601)939-8676

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Yazoo County, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

#### **Basis for Qualified Opinion on Governmental Activities**

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

## **Qualified Opinions**

In our opinion, except for the effects of the matter discussed in "Basis for Qualified Opinions on Governmental Activities", the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Yazoo County, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Yazoo County, Mississippi, as of September 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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



### *Omission of Required Supplementary Information*

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

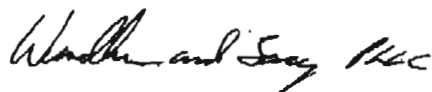
### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Yazoo County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2014, on our consideration of Yazoo County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yazoo County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
September 5, 2014



YAZOO COUNTY

FINANCIAL STATEMENTS

YAZOO COUNTY  
Statement of Net Position  
September 30, 2013

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 7,638,006		7,638,006
Accrued interest receivable	2,582		2,582
Property tax receivable	7,547,939		7,547,939
Fines receivable, net of allowance for uncollectible of \$2,088,554	118,960		118,960
Intergovernmental receivables	173,802	1,190,843	1,364,645
Other receivables, net	33,867		33,867
Internal balances	11,571	(11,571)	
Bond issue costs, net	74,561	734,069	808,630
Capital assets, net			
Land and construction in progress	2,081,540	75,000	2,156,540
Other capital assets, net	62,121,532	12,919,135	75,040,667
Restricted assets			
Investments		2,561,109	2,561,109
Total Assets	<u>79,804,360</u>	<u>17,468,585</u>	<u>97,272,945</u>
<b>LIABILITIES</b>			
Cash overdraft		212,008	212,008
Claims payable	1,832,183	140,737	1,972,920
Claims and judgments payable	216,834		216,834
Intergovernmental payables	258,680		258,680
Matured bonds and interest payable	48,110		48,110
Accrued interest payable	30,112	166,352	196,464
Deferred revenue	7,547,939		7,547,939
Other payables	150,404		150,404
Long-term liabilities			
Due within one year:			
Capital related debt	1,328,745	640,000	1,968,745
Due in more than one year:			
Capital related debt	6,008,684	14,650,487	20,659,171
Non-capital debt	222,165	80,334	302,499
Total Liabilities	<u>17,643,856</u>	<u>15,889,918</u>	<u>33,533,774</u>
<b>NET POSITION</b>			
Net investment in capital assets	56,865,643	(2,296,352)	54,569,291
Restricted net position:			
General government	200,396		200,396
Public safety	428,774		428,774
Public works	1,410,184	3,875,019	5,285,203
Health and welfare	33,636		33,636
Economic development	177,790		177,790
Debt service	412,757		412,757
Unemployment compensation	214,570		214,570
Unassigned	2,416,754		2,416,754
Total Net Position	<u>\$ 62,160,504</u>	<u>1,578,667</u>	<u>63,739,171</u>

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

## YAZOO COUNTY

## Statement of Activities

Schedule 2

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Primary Government	Total
Primary government:									
Governmental Activities:									
General government	\$ 4,229,777	661,594	139,208		(3,428,975)		(3,428,975)		
Public safety	3,804,989	693,471	4,119		(3,107,399)		(3,107,399)		
Public works	9,666,712	15,012	838,310	3,633,795	(5,179,595)		(5,179,595)		
Health and welfare	1,012,464		553,511		(458,953)		(458,953)		
Culture and recreation	211,075				(211,075)		(211,075)		
Conservation of natural resources	140,555				(140,555)		(140,555)		
Economic development and assistance	88,470		179,000		90,530		90,530		
Interest on long-term debt	178,650				(178,650)		(178,650)		
Total Governmental Activities	19,332,692	1,370,077	1,714,148	3,633,795	(12,614,672)	0	(12,614,672)		
Business-type Activities									
Regional Jail	3,648,087	4,635,223				987,136	987,136		
Total Business type Activities	3,648,087	4,635,223	0	0	0	987,136	987,136		
Total Primary Government	\$ 22,980,779	6,005,300	1,714,148	3,633,795	(12,614,672)	987,136	(11,627,536)		
General revenues:									
Taxes:									
					\$ 9,845,307		9,845,307		
					275,347		275,347		
					2,648,195		2,648,195		
					124,192	257	124,449		
					343,517	95,534	439,051		
					13,236,558	95,791	13,332,349		
Total General Revenues									
Changes in Net Position					621,886	1,082,927	1,704,813		
Net Position - Beginning					61,538,618	495,740	62,034,358		
Net Position - Ending					\$ 62,160,504	1,578,667	63,739,171		

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

YAZOO COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2013

Exhibit 3

	Major Funds			Other	Total
	General	General	State Aid	Governmental	Governmental
	Fund	County Road	Road	Funds	Funds
		Fund	Fund		
<b>ASSETS</b>					
Cash	\$ 4,081,221	333,643	233,475	2,989,667	7,638,006
Accrued interest receivable	1,629	113		810	2,552
Property tax receivable	3,347,074	2,092,813		2,108,052	7,547,939
Fines receivable , net of allowance for uncollectible of \$2,088,554	118,960				118,960
Intergovernmental receivables	122,625			51,177	173,802
Other receivables	5,501	1,303		27,063	33,867
Advances to other funds	63,571			28,670	92,241
Due from other funds	11,496	50,427		42,226	104,149
Total Assets	\$ 7,752,077	2,478,299	233,475	5,247,665	15,711,516
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Claims payable	\$ 1,065,416	177,725	177,892	411,150	1,832,183
Claims and judgments payable	216,834				216,834
Intergovernmental payables	258,680				258,680
Advances from other funds				80,670	80,670
Due to other funds	99,195			11,496	110,691
Matured bonds and interest payable				48,110	48,110
Other payables	143,832				143,832
Deferred revenue	3,466,034	2,092,813		2,108,052	7,666,899
Total Liabilities	5,249,991	2,270,538	177,892	2,659,478	10,357,899
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Advances	63,571			28,670	92,241
<b>Restricted:</b>					
General government				200,396	200,396
Public safety				428,774	428,774
Public works		207,761	55,583	1,146,840	1,410,184
Health and welfare				4,966	4,966
Economic development				177,790	177,790
Unemployment compensation				214,570	214,570
Debt service				442,869	442,869
Unassigned	2,438,515			(56,688)	2,381,827
Total Fund Balances	2,502,086	207,761	55,583	2,588,187	5,353,617
Total Liabilities and Fund Balances	\$ 7,752,077	2,478,299	233,475	5,247,665	15,711,516

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

YAZOO COUNTY

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

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 5,353,617
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets, net of accumulated depreciation of \$70,903,947, are used in governmental activities, are not financial resources and, therefore, are not reported in the funds.	64,203,072
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable, net of allowance for doubtful accounts \$2,088,554	118,960
Bond issue costs	74,561
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,559,594)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(30,112)</u>
Total net position - governmental activities (Exhibit 1)	\$ <u><u>62,160,504</u></u>

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

YAZOO COUNTY

Exhibit 4

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

	Major Funds			Other	Total
	General	General	State Aid	Governmental	Governmental
	Fund	County Road	Road	Funds	Funds
		Fund	Fund		
<b>REVENUES</b>					
Property taxes	\$ 4,108,228	2,366,515		3,370,564	9,845,307
Road and bridge privilege taxes		275,347			275,347
Licenses, commissions and other revenue	453,508	10		7,072	460,590
Fines and forfeitures	201,010			9,098	210,108
Intergovernmental revenues	2,808,073	760,487	3,633,795	793,783	7,996,138
Charges for services	182,880			493,458	676,338
Interest income	109,716	3,936		10,542	124,194
Miscellaneous revenues	76,505	17,703		212,598	306,806
Total Revenues	<u>7,939,920</u>	<u>3,423,998</u>	<u>3,633,795</u>	<u>4,897,115</u>	<u>19,894,828</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,714,997			348,039	4,063,036
Public safety	3,047,906			738,374	3,786,280
Public works		3,803,104	3,768,874	2,783,681	10,355,659
Health and welfare	187,009			811,868	998,877
Culture and recreation	211,075				211,075
Conservation of natural resources	140,555				140,555
Economic development and assistance	27,778			60,692	88,470
Debt service:					
Principal	20,668	389,576		1,468,040	1,878,284
Interest	1,960	24,288		142,778	169,026
Fiscal agent fees				3,735	3,735
Total Expenditures	<u>7,351,948</u>	<u>4,216,968</u>	<u>3,768,874</u>	<u>6,357,207</u>	<u>21,694,997</u>
Excess of Revenues over (under) Expenditures	<u>587,972</u>	<u>(792,970)</u>	<u>(135,079)</u>	<u>(1,460,092)</u>	<u>(1,800,169)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term capital debt issued	131,735	608,730		2,785,635	3,526,100
Proceeds from sale of capital assets	14,720	12,235		161,100	188,055
Compensation for loss of capital assets		131,129			131,129
Transfers in				180,730	180,730
Transfers out	(180,730)				(180,730)
Total Other Financing Sources and Uses	<u>(34,275)</u>	<u>752,094</u>	<u>0</u>	<u>3,127,465</u>	<u>3,845,284</u>
Net Changes in Fund Balances	553,697	(40,876)	(135,079)	1,667,373	2,045,115
Fund Balances - Beginning	<u>1,948,389</u>	<u>248,637</u>	<u>190,662</u>	<u>920,814</u>	<u>3,308,502</u>
Fund Balances - Ending	<u>\$ 2,502,086</u>	<u>207,761</u>	<u>55,583</u>	<u>2,588,187</u>	<u>5,353,617</u>

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



YAZOO COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2013

	<u>Amount</u>
Net changes in fund balances - total governmental funds (Exhibit 4)	\$ 2,045,115
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation \$4,240,432 exceeded capital outlays \$4,782,749 in the current period.	542,317
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decrease financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$94,422 and the proceeds of sales of capital assets of \$188,055.	(282,477)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	23,043
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus the change in net position differs from the change in fund balances by the amount of debt issued of \$3,526,100, debt repayments of \$1,878,284 and related amortization of discounts, premiums and refunding charges of \$5,873.	(1,653,689)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long- term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Bond issue cost amortization	(16,643)
Change in compensated absences	(29,913)
Accrued interest payable	(5,867)
Change in net position of governmental activities (Exhibit 2)	\$ <u>621,886</u>

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

YAZOO COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2013

Exhibit 5

	Business-type Activities - Governmental Enterprise Fund Regional Jail Fund
<b>ASSETS</b>	
Current assets:	
Accounts receivable:	
Housing prisoners	\$ 1,190,843
Bond issue costs, net	734,069
Total Current Assets	<u>1,924,912</u>
Noncurrent assets:	
Restricted assets	
Investments	2,561,109
Capital assets:	
Land and construction in progress	75,000
Other capital assets, net	<u>12,919,135</u>
Total Noncurrent Assets	<u>15,555,244</u>
Total Assets	<u>17,480,156</u>
<b>LIABILITIES</b>	
Current liabilities:	
Cash overdraft	212,008
Claims payable	140,737
Advances from other funds	11,571
Compensated absences	80,334
Interest payable	<u>166,352</u>
Total Current Liabilities	<u>611,002</u>
Noncurrent liabilities:	
Capital debt:	
Bonds payable	<u>15,290,487</u>
Total Noncurrent Liabilities	<u>15,290,487</u>
Total Liabilities	<u>15,901,489</u>
<b>NET POSITION</b>	
Net investment in capital assets	(2,296,352)
Restricted for:	
Public safety	<u>3,875,019</u>
Total Net Position	<u>\$ 1,578,667</u>

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

## YAZOO COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended September 30, 2013

	Business-type Activities -
	Governmental
	Enterprise Fund
	Regional Jail Fund
Operating Revenues	
Charges for services	\$ 4,635,223
Miscellaneous	95,534
Total Operating Revenues	<u>4,730,757</u>
Operating Expenses	
Personal services	1,555,174
Contractual services	864,248
Materials and supplies	242,823
Depreciation expense	292,483
Total Operating Expenses	<u>2,954,728</u>
Operating Income (Loss)	<u>1,776,029</u>
Nonoperating Revenues (Expenses)	
Interest expense	(693,359)
Interest income	257
Net Nonoperating Revenue (Expenses)	<u>(693,102)</u>
Changes in Net Position	1,082,927
Net Position - Beginning	<u>495,740</u>
Net Position - Ending	<u>\$ 1,578,667</u>

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

YAZOO COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2013

Exhibit 7

	Business-type Activities- Enterprise Fund Regional Jail Fund
Cash Flows From Operating Activities	
Miscellaneous receipts	\$ 95,534
Charges for services	3,928,512
Payments to suppliers	(1,212,915)
Payments to employees	(1,535,257)
Net Cash Provided (Used) by Operating Activities	<u>1,275,874</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on debt	(620,000)
Interest paid on debt	(684,008)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,304,008)</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>257</u>
Net Cash Provided (Used) by Investing Activities	<u>257</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(27,877)
Cash and Cash Equivalents at Beginning of Year	<u>2,376,978</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,349,101</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,776,029
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	292,483
(Increase) decrease in accounts receivable	(706,711)
(Increase) decrease in bond issue costs	43,825
Increase (decrease) in claims payable	(149,669)
Increase (decrease) in compensated absences liability	19,917
Total Adjustments	<u>(500,155)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,275,874</u>

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

YAZOO COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2013

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 246,013
Due from other funds	<u>6,542</u>
Total Assets	\$ <u>252,555</u>
LIABILITIES	
Other liabilities	\$ <u>252,555</u>
Total Liabilities	\$ <u>252,555</u>

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

## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

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

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

- Yazoo County Port Commission
- Yazoo County Convention and Visitors Bureau

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

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

##### B. Individual Component Unit Disclosures.

###### Blended Component Units

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

- Yazoo County Human Resource Agency



## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### C. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its blended component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

##### Fund Financial Statements:

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

#### D. Measurement Focus and Basis of Accounting.

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

## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

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

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

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

The county reports the following major Governmental Funds:

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

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

State Aid Road Fund - This fund is used to account for monies from the state aid road program that are restricted for road and bridge construction and maintenance.

The county reports the following major Proprietary Fund:

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

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### FIDUCIARY FUND TYPE

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

#### PROPRIETARY FUND TYPE

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

#### E. Account Classifications.

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

#### F. Deposits and Investments.

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

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

#### G. Receivables.

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

#### H. Interfund Transactions and Balances.

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

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### I. Restricted Assets.

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the county's operation that could adversely affect debt service payments. The "project fund" account is used to report those proceeds of revenue bonds issuances that are restricted for use in construction. The "startup costs" account is used to report resources set aside to provide funds required to fund startup costs associated with the project.

### J. Capital Assets.

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

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

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

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

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



## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### K. Long-term Liabilities.

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

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

#### L. Equity Classifications.

##### Government-wide Financial Statements:

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

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

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

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

##### 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.

In accordance with Government Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the county classifies governmental fund balances as follows:

*Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund. The county currently has \$92,241 reported as nonspendable fund balances.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The county currently has \$2,879,549 reported as restricted fund balances.

## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

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

*Assigned fund balance* includes amounts that are constrained by the county's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972). The county reports no assigned fund balances.

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

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

#### M. Property Tax Revenues.

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

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

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



## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### N. Intergovernmental Revenues in Governmental Funds.

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

#### O. Compensated Absences.

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

#### (2) Deposits and Investments.

##### Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2013, was \$7,672,011, and the bank balance was \$9,135,438. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

##### Investments:

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

Investments balances at September 30, 2013, are as follows:

Investment Type	Maturities	Fair Value	Rating
Hancock Horizon Government Money Market Fund	Less than one year	\$ 2,561,109	AAAm

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

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

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

### (3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General County Road	General Fund	\$ 50,427
Other Governmental Funds	General Fund	42,226
Agency Funds	General Fund	6,542
General Fund	Other Governmental Funds	<u>11,496</u>
Total		<u>\$ 110,691</u>

Amounts listed are the tax revenues collected but not settled until October, 2013, and short-term loans to various funds to cover cash deficits. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Proprietary Fund	\$ 11,571
General Fund	Other Governmental Funds	52,000
Other Governmental Funds	Other Governmental Funds	<u>28,670</u>
Total		<u>\$ 92,241</u>

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

#### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>180,730</u>
Total		<u>\$ 180,730</u>

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

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### (4) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 100,784
Homeland security grants	2,155
Highway safety grant	9,786
Human Resource Agency grants	51,177
Jail fees from other governments	9,900
Total Governmental Activities	\$ 173,802
Business-type Activities:	
State of Mississippi for housing inmates	\$ 264,891
Local governments for housing inmates	925,952
Total Business-type Activities	\$ 1,190,843

### (5) Capital Assets.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,293,543			1,293,543
Construction in progress	29,705	758,292		787,997
Total capital assets, not being depreciated	1,323,248	758,292	0	2,081,540
Capital assets, being depreciated:				
Buildings	6,178,998			6,178,998
Improvements other than buildings	3,425,186			3,425,186
Mobile equipment	3,883,502	121,308	98,738	3,906,072
Furniture and equipment	1,031,753	28,439	26,365	1,033,827
Property under capital leases	4,452,187	974,241	580,930	4,845,498
Infrastructure	110,735,428	2,900,469		113,635,897
Total capital assets being depreciated	129,707,054	4,024,457	706,033	133,025,478
Less: Accumulated depreciation for:				
Buildings	2,005,872	121,867		2,127,739
Improvements other than buildings	2,740,149			2,740,149
Mobile equipment	2,829,664	470,689	88,866	3,211,487
Furniture and equipment	895,547	15,637	23,728	887,456
Property under capital leases	843,254	703,093	310,962	1,235,385
Infrastructure	57,772,584	2,929,146		60,701,730
Total accumulated depreciation	67,087,070	4,240,432	423,556	70,903,946
Total capital assets, being depreciated, net	62,619,984	(215,975)	282,477	62,121,532
Governmental activities capital assets, net	\$ 63,943,232	542,317	282,477	64,203,022

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

	Beginning Balance	Increases	Decreases	Ending Balances
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 75,000			75,000
Total capital assets, not being depreciated	75,000	0	0	75,000
Capital assets, being depreciated:				
Buildings	14,020,892			14,020,892
Mobile equipment	49,965			49,965
Furniture and equipment	33,513			33,513
Total capital assets being depreciated	14,104,370	0	0	14,104,370
Less: Accumulated depreciation for:				
Buildings	841,257	280,420		1,121,677
Mobile equipment	29,226	7,875		37,101
Furniture and equipment	22,269	4,188		26,457
Total accumulated depreciation	892,752	292,483	0	1,185,235
Total capital assets, being depreciated, net	13,211,618	(292,483)	0	12,919,135
Business-type activities capital assets, net	\$ 13,286,618	(292,483)	0	12,994,135

Depreciation expense was charged to the following functions:

	Governmental Funds	Proprietary Funds
Governmental activities:		
General government	\$ 176,669	
Public safety	386,425	292,483
Public works	3,669,176	
Health and welfare	8,162	
Total depreciation expense - governmental activities	\$ 4,240,432	292,483

### (6) Claims and Judgments.

#### Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2012 and 2013:

	2012	2013
Claims Liability, Beginning of Fiscal Year	\$ 271,102	231,757
Incurred Claims	1,998,118	2,210,475
Less: Claim Payments	<u>(2,037,463)</u>	<u>(2,225,398)</u>
Claims Liability, End of Fiscal Year	<u>\$ 231,757</u>	<u>216,834</u>

### (7) Capital Leases.

As Lessee:

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

Asset:	Governmental Activities
Machinery and equipment	\$ 4,845,498
Less: Accumulated depreciation	<u>(1,235,385)</u>
Total	<u>\$ 3,610,113</u>

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

Year Ending September 30	Principal	Interest
2014	\$ 706,092	48,460
2015	707,908	34,344
2016	682,727	21,559
2017	<u>550,632</u>	<u>9,638</u>
Total	<u>\$ 2,647,359</u>	<u>114,001</u>

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### (8) Other Postemployment Benefits.

#### Plan Description.

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

### (9) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
2012 general obligation bond	\$ 2,300,000	1.6%-2.25%	10/01/22
2002A refunding bond	230,000	4.38%	01/01/16
2010 refunding bond	1,935,000	2.0%-3.50%	02/01/20
Total General Obligation Bonds	<u>\$ 4,465,000</u>		
B. Loans:			
Fire trucks	<u>\$ 252,640</u>	2.00%	04/01/19
C. Capital Leases:			
Solid waste equipment	\$ 439,518	1.37%	11/16/16
Solid waste equipment	169,297	1.63%	09/12/16
Communications equipment	58,942	4.32%	06/01/15
Computer upgrade	52,420	3.41%	02/15/16
Two Mack trucks	180,537	1.90%	06/01/17
Paver	220,245	1.90%	05/01/16
Sheriff's vehicles	184,429	1.60%	09/01/16
Road equipment	169,212	1.62%	04/04/17
Defibrillators	51,247	4.59%	10/31/16
Road equipment	1,121,512	1.77%	08/01/17
Total Capital Leases	<u>\$ 2,647,359</u>		



# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
Bonds:			
Regional Jail	\$ 15,525,000	2.00%- 4.85%	07/01/30

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

### Governmental Activities:

Year Ending September 30	General Obligation Bonds		Loans	
	Principal	Interest	Principal	Interest
2014	\$ 580,000	126,007	42,653	4,659
2015	805,000	83,862	43,121	3,806
2016	475,000	66,997	43,991	2,936
2017	410,000	54,872	44,879	2,048
2018	420,000	45,712	45,785	1,142
2019-2023	1,775,000	89,913	32,211	249
Total	\$ 4,465,000	467,363	252,640	14,840

### Business-type Activities:

Year Ending September 30	Limited Obligation Bonds	
	Principal	Interest
2014	\$ 640,000	665,408
2015	660,000	646,209
2016	680,000	625,584
2017	700,000	602,634
2018	725,000	577,258
2019-2023	4,095,000	2,425,591
2024-2028	5,075,000	1,448,414
2029-2031	2,950,000	256,954
Total	\$ 15,525,000	7,248,052

**Pledge of Future Revenues** - The county has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$17,745,000 in limited obligation urban renewal revenue bonds issued in July 2009. Proceeds from the bonds provided financing for the construction of the Yazoo County Regional Correctional Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through July 1, 2031. In addition, a portion of the proceeds from these bonds was used to purchase a financial guaranty insurance policy that unconditionally and irrevocably guarantees the payment of principal and interest on these bonds as such payments become due. The total principal and interest remaining to be paid on the bonds is \$22,773,052.

# YAZOO COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever the county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to 1.11% of the latest property assessments.

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

	Balance Oct. 1, 2012	Additions	Reductions	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 192,252	29,913		222,165	
General obligation bonds	3,030,000	2,500,000	1,065,000	4,465,000	580,000
Add: Bond premium	26,381		4,767	21,614	
Less: Refunding Charge	(59,824)		(10,640)	(49,184)	
	<u>3,188,809</u>	<u>2,529,913</u>	<u>1,059,127</u>	<u>4,659,595</u>	<u>580,000</u>
Other loans	293,975		41,335	252,640	42,653
Capital leases	<u>2,393,208</u>	<u>1,026,100</u>	<u>771,949</u>	<u>2,647,359</u>	<u>706,092</u>
Total	<u>\$ 5,875,992</u>	<u>3,556,013</u>	<u>1,872,411</u>	<u>7,559,594</u>	<u>1,328,745</u>
Business-type Activities:					
Regional Jail:					
Bonds	\$ 16,145,000		620,000	15,525,000	640,000
Less: Bond discount	(248,514)		(14,001)	(234,513)	
	<u>15,896,486</u>	<u>0</u>	<u>605,999</u>	<u>15,290,487</u>	<u>640,000</u>
Compensated absences	<u>60,417</u>	<u>19,917</u>	<u>0</u>	<u>80,334</u>	<u>0</u>
Total	<u>\$ 15,956,903</u>	<u>19,917</u>	<u>605,999</u>	<u>15,370,821</u>	<u>640,000</u>

### (10) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2013:

Fund	Amount
Governmental Activities:	
Rubbish and Garbage	\$ 2,342
Human Resource Agency:	
Foster Grandparent	18,647
Homemaker	360
Congregate Meals	30,139
Title V	<u>5,200</u>
	<u>\$ 56,688</u>

## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (11) Contingencies.

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

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

#### (12) Related Organizations.

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

Eden Drainage District  
Silver Creek Drainage District  
Fifteen Mile Bayou Water Management District  
Rocky Bayou Drainage District  
Atchafalaya Drainage District

#### (13) Joint Ventures.

The county participates in the following joint venture:

Yazoo County participates with Yazoo City in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to operate the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and county and is governed by a ten-member board, with five members appointed by Yazoo City and five members appointed by the Yazoo County Board of Supervisors. By contractual agreement, the county's appropriation to the joint venture was \$46,075 in fiscal year 2013. Complete financial statements for the Yazoo Recreation Commission can be obtained from the Yazoo Recreation Commission, P.O. Box 9, Yazoo City, MS 39194.

#### (14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Yazoo County Board of Supervisors appoints two of the 22 members of the board of trustees. The county appropriated \$556,468 for maintenance and support of the college in fiscal year 2013.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Yazoo County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county appropriated \$36,348 for support of the district in fiscal year 2013.

## YAZOO COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Yazoo County Board of Supervisors appoints three of the 33 members of the board of directors. The county appropriated \$6,275 for support of the district in fiscal year 2013.

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

(15) **Defined Benefit Pension Plan.**

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

**Funding Policy.** PERS members are required to contribute 9.00% of their annual covered salary, and the county is required to contribute 15.75% of the annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$766,425, \$666,604 and \$625,908, respectively, equal to the required contributions for each year.

(16) **Subsequent Events.**

Yazoo County has evaluated events and transactions for potential recognition or disclosure through September 5, 2014, which is the date the financial statements were available to be issued. The following transactions were determined to be applicable for disclosure in the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/29/2013	1.560%	\$	72,663	Lease purchase	Ad valorem taxes
05/08/2014	1.80%	\$	20,300	Loan	Ad valorem taxes

YAZOO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,999,385	4,103,190	4,103,190	
Licenses, commissions and other revenue	520,512	458,306	458,306	
Fines and forfeitures	156,182	222,785	222,785	
Intergovernmental revenues	1,662,225	2,848,800	2,848,800	
Charges for services		183,960	183,960	
Interest income	43,451	110,947	110,947	
Miscellaneous revenues	168,800	67,157	67,157	
Total Revenues	6,550,555	7,995,145	7,995,145	0
<b>EXPENDITURES</b>				
Current:				
General government	3,961,258	3,773,849	3,773,849	
Public safety	2,498,372	2,060,400	2,060,400	
Health and welfare	194,040	187,212	187,212	
Culture and recreation	211,075	211,075	211,075	
Conservation of natural resources	144,094	142,865	142,865	
Economic development and assistance	49,035	27,783	27,783	
Debt service:				
Principal		20,629	20,629	
Interest		1,999	1,999	
Total Expenditures	7,057,874	6,425,812	6,425,812	0
Excess of Revenues over (under) Expenditures	(507,319)	1,569,333	1,569,333	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued		131,735	131,735	
Sale of fixed assets		14,720	14,720	
Transfers out		(180,730)	(180,730)	
Total Other Financing Sources and Uses	0	(34,275)	(34,275)	0
Net Change in Fund Balance	(507,319)	1,535,058	1,535,058	0
Fund Balances - Beginning	507,319	1,958,278	1,958,278	0
Fund Balances - Ending	\$ 0	3,493,336	3,493,336	0

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



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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,127,336	2,360,824	2,360,824	
Road and bridge privilege taxes	287,535	272,968	272,968	
Licenses, commissions and other revenue		10	10	
Fines and forfeitures	2,885			
Intergovernmental revenues	721,509	853,987	853,987	
Interest income	2,200	4,020	4,020	
Miscellaneous revenues	25,000	15,703	15,703	
Total Revenues	<u>3,166,465</u>	<u>3,507,512</u>	<u>3,507,512</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	3,255,253	3,158,661	3,158,661	
Principal		392,236	392,236	
Interest		24,288	24,288	
Total Expenditures	<u>3,255,253</u>	<u>3,575,185</u>	<u>3,575,185</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(88,788)</u>	<u>(67,673)</u>	<u>(67,673)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued		608,730	608,730	
Sale of assets		10,932	10,932	
Compensation for loss of capital assets		131,129	131,129	
Total Other Financing Sources and Uses	<u>0</u>	<u>750,791</u>	<u>750,791</u>	<u>0</u>
Net Change in Fund Balance	<u>(88,788)</u>	<u>683,118</u>	<u>683,118</u>	<u>0</u>
Fund Balances - Beginning	<u>88,788</u>	<u>259,255</u>	<u>259,255</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>942,373</u>	<u>942,373</u>	<u>0</u>

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

# YAZOO COUNTY

## Notes to Required Supplementary Information For the Year Ended September 30, 2013

### A. Budgetary Information.

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

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

### B. Basis of Presentation.

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

### C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	General County Road Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ 1,535,058	683,118
Increase (decrease):		
Net adjustments for revenue accruals	(55,225)	(82,211)
Net adjustments for expenditure accruals	(926,136)	(641,783)
Net Change in Fund Balance GAAP Basis	\$ 553,697	(40,876)

YAZOO COUNTY

SUPPLEMENTAL INFORMATION

YAZOO COUNTY  
Schedule of Expenditures of Federal Awards  
September 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U. S. Department of Agriculture - Food and Nutrition Service/Passed-through Central Mississippi Planning and Development District/ Commodity Supplemental Food Program	10.565 10.565		378N82 379N82	\$ 1,712 22,238
U. S. Department of Housing and Urban Development/ Mississippi Development Authority/ HOME Investments Partnerships Program	* 14.239	1222-HOME 2010 SLG	1222-M10-SG-280993	291,687
U. S. Department of Transportation/Mississippi Department of Transportation/ Highway Planning and Construction Bridge Inspection	20.205		BR NBIS 078 B(82)	44,630
U. S. Department of Transportation/Mississippi Department of Public Safety/ State and Community Highway Safety	20.600		13-TA-182-1	34,000
Aging Cluster:				
U. S. Department of Health and Human Services/ Passed-through Central Mississippi Planning and Development District:				
Title IIIB - Grants for Supportive Services and Senior Centers	93.044		377N82	47,084
Title IIIC-1 - Nutrition Services	93.045		378N82	22,434
Title IIIC-2 - Nutrition Services	93.045		379N82	116,268
Total Aging Cluster				<u>185,786</u>
U. S. Department of Health and Human Services/ Passed-through Central Mississippi Planning and Development District/ Social Services Block Grant	93.667		396G82	45,772
U. S. Department of Health and Human Services/ Passed-through Central Mississippi Planning and Development District/ Medical Assistance Program	* 93.778	07774516	376M82K	120,066
U. S. Department of Health and Human Services/ Medical Assistance Program	* 93.778	07774516		81,790
Foster Grandparent Program U. S. Corporation for National and Community Service	* 94.011	11GXSMS001	N/A	104,395

## YAZOO COUNTY

(Continued)

Schedule of Expenditures of Federal Awards  
September 30, 2013

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
Department of Homeland Security/Mississippi Emergency Management Agency/ Emergency Management Assistance Program	97.036	FEMA-1906-DR-MS	FEMA-1906-DR-MS	26,811
Department of Homeland Security/Mississippi Emergency Management Agency/ Emergency Management Performance Grant	97.042		13EMP	121,666
Total Expenditures of Federal Awards				\$ <u>1,080,553</u>

\* Denotes major program

## 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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

YAZOO COUNTY

Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2013

Operating Expenditures, Cash Basis:

Salaries	\$ 193,504
Expendable Commodities:	
Gasoline and petroleum products	60,905
Repair parts	9,681
Office, field and shop supplies	1,373
Solid contract and disposal fee	222,598
Insurance	<u>1,118</u>

Solid Waste Cash Basis Operating Expenditures 489,179

Full Cost Expenses:

Indirect administrative costs	1,623
Depreciation on equipment	181,033
Net effect of other accrued expenses	<u>(11,759)</u>

Solid Waste Full Cost Operating Expenses \$ 660,076



YAZOO COUNTY

OTHER INFORMATION

YAZOO COUNTY

Schedule of Surety Bonds for County Officials - UNAUDITED

For the Year Ended September 30, 2013

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

## YAZOO COUNTY

## SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Yazoo County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 5, 2014. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities because the county did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

#### **Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 13-1, 13-2 and 13-3 to be material weaknesses.

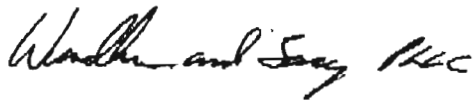
## **Compliance and Other Matters**

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

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
September 5, 2014

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Yazoo County, Mississippi

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

We have audited the compliance of Yazoo County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. Yazoo 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 major federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Yazoo 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 Yazoo County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on Yazoo County, Mississippi's compliance with those requirements.



## **Opinion on Each Major Federal Program**

In our opinion, Yazoo County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

## **Report on Internal Control Over Compliance**

The management of Yazoo County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered Yazoo 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of This Report**

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.



Windham and Lacey, PLLC  
September 5, 2014

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

Members of the Board of Supervisors  
Yazoo County, Mississippi

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

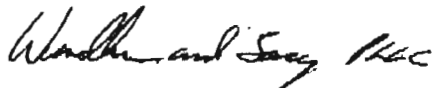
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered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

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

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

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to the examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Yazoo County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
September 5, 2014

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

YAZOO COUNTY

Schedule 3

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

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

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

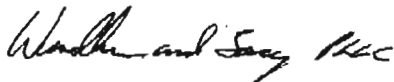
Members of the Board of Supervisors  
Yazoo County, Mississippi

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

In addition, for areas not considered material to Yazoo County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 5, 2014, on the financial statements of Yazoo County, Mississippi.

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

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



Windham and Lacey, PLLC  
September 5, 2014



YAZOO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

# YAZOO COUNTY

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

### Section 1: Summary of Auditor's Results

#### ***Financial Statements:***

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements:                           |               |
|    | Governmental activities  | Qualified     |
|    | Business-type activities   | Unmodified    |
|    | Aggregate discretely presented component units   | Adverse       |
|    | General Fund   | Unmodified    |
|    | General County Road Fund   | Unmodified    |
|    | State Aid Road Fund  | Unmodified    |
|    | Aggregate remaining fund information   | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | Yes           |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted?                              | No            |

#### ***Federal Awards:***

- |    |   |               |
|----|---|---------------|
| 4. | Internal control over major programs:   |               |
| a. | Material weaknesses identified?   | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses?                                    | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:   | Unmodified    |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | No            |
| 7. | Federal programs identified as major programs:  |               |
|    | HOME Investments Partnership Program, CFDA #14.239  |               |
|    | Medical Assistance Program, CFDA #93.778  |               |
|    | Foster Grandparent Program, CFDA #94.011  |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:  | \$300,000     |
| 9. | Auditee qualified as a low-risk auditee?  | No            |

YAZOO COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2013

10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section \_\_\_\_ .315(b) of OMB Circular A-133? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

13-1. Finding

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

Recommendation

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

Board of Supervisors' Response

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

Material Weakness

13-2. Finding

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

## YAZOO COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

#### Recommendation

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

#### Board of Supervisors' Response

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

#### Material Weakness

- 13-3. Controls over expenditures should be strengthened.

#### Finding

The county failed to pay the amounts billed for housing prisoners at the regional jail. Billing statements are in two parts - one part for housing fees and the other for costs of feeding prisoners. When preparing claims payable, the county overlooked one part of the billing each month. The result was an understatement of expenses in the general fund and an understatement of revenue in the regional jail fund.

#### Recommendation

The Board of Supervisors should develop controls over expenditures to prevent underpayment of expenses for services.

#### Board of Supervisors' Response

Yazoo County is aware of the situation and is paying the balance due to the regional jail fund. Procedures are being implemented to strengthen controls over expenditures for prisoner housing.

#### Section 3: Federal Award Findings and Questioned Costs

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