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**HUMPHREYS COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports**

**For the Year Ended September 30, 2015**



**Bridgers & Goodman, PLLC**  
**Certified Public Accountants**  
**Vicksburg, Mississippi**

# HUMPHREYS COUNTY

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## **HUMPHREYS COUNTY**

### **FINANCIAL SECTION**



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Humphreys County, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Humphreys County Library, a component unit, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the report of the other auditors. 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 of America. 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 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 purposes 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 opinion.

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

As discussed in Note 9 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 Opinion***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of Humphreys County, Mississippi, as of September 30, 2015, and the change in the financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of September 30, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the New Pension Liability, and the Schedule of the County's contributions 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 and other auditors have applied certain limited procedures to this 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**

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

#### *Supplementary and Other Information*

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 November 16, 2016, on our consideration of Humphreys 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 the 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 Humphreys County, Mississippi's internal control over financial reporting and compliance.

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

November 16, 2016



## **HUMPHREYS COUNTY**

## **FINANCIAL STATEMENTS**

**Humphreys County**  
**Statement of Net Position**  
**September 30, 2015**

**Exhibit 1**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Humphreys County Library</b>
<b>ASSETS</b>		
Cash	\$ 3,016,012	148,402
Property tax receivable	5,183,572	
Accounts receivable, (net of allowance for uncollectibles of \$2,410,336)	75,164	4,108
Fines receivable, (net of allowance for uncollectibles of \$1,112,805)	49,289	
Loans receivable	99,720	
Intergovernmental receivables	32,215	
Other receivables	2,976	
Capital assets:		
Land and construction in progress	4,495,966	
Other capital assets, net	25,958,939	6,776
<b>Total Assets</b>	<b>38,913,853</b>	<b>159,286</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	1,117,856	17,630
<b>Total Deferred Outflows of Resources</b>	<b>1,117,856</b>	<b>17,630</b>
<b>LIABILITIES</b>		
Claims payable	266,430	3,962
Claims and judgments payable	68,643	
Intergovernmental payables	153,642	
Accrued interest payable	46,783	
Other payables	4,098	
Long-term liabilities		
Net pension liability	5,595,806	139,122
Due within one year:		
Capital debt	682,772	
Due in more than one year:		
Capital debt	2,218,638	
Non-capital debt	1,444,464	
<b>Total Liabilities</b>	<b>10,481,276</b>	<b>143,084</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax for future reporting period	5,183,572	
Deferred inflows related to pensions	3,646	3,737
<b>Total Deferred Inflows of Resources</b>	<b>5,187,218</b>	<b>3,737</b>
<b>NET POSITION</b>		
Net investment in capital assets	27,553,495	6,776
Restricted:		
Expendable:		
Public safety	470,943	
Public works	1,190,959	
Health and welfare	21,618	
Culture & recreation	4,773	
Economic Development	16,659	
Debt service	384,071	
Unemployment compensation		6,077
Unrestricted	(5,279,303)	17,242
<b>Total Net Position</b>	<b>\$ 24,363,215</b>	<b>30,095</b>

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

**Humphreys County**  
**Statement of Activities**  
**For the Year Ended September 30, 2015**

**Exhibit 2**

Functions/Programs	Program Revenues			Net ( Expense ) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 3,170,912	201,681			(2,969,231)
Public safety	1,443,645	98,627			(1,345,018)
Public works	2,809,555	204,679	748,175	1,151,223	(705,478)
Health and welfare	298,683				(298,683)
Culture and recreation	57,621				(57,621)
Conservation of natural resources	108,570				(108,570)
Economic development and assistance	388,350		386,350		(2,000)
Interest on long-term debt	132,843				(132,843)
Pension expense	714,527				(714,527)
Total Governmental Activities	\$ 9,124,706	504,987	1,134,525	1,151,223	(6,333,971)
<b>Component Units:</b>					
Humphreys County Library	\$ 130,651	7,785	26,081		(96,785)
General revenues:					
Property taxes				\$	6,672,183
Road & bridge privilege taxes					87,788
Grants and contributions not restricted to specific programs					382,208
Unrestricted investment income					20,369
Miscellaneous					231,638
Total General Revenues					7,394,186
Changes in Net Position					1,060,215
Net Position - Beginning, as originally reported					27,313,132
Prior period adjustments					(4,010,132)
Net Position - Beginning, as restated					23,303,000
Net Position - Ending					\$ 24,363,215

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

**Humphreys County**  
**Balance Sheet - Governmental Funds**  
**September 30, 2015**

**Exhibit 3**

	<u>Major Fund</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash	\$ 765,856	2,250,156	3,016,012
Property tax receivable	3,408,984	1,774,588	5,183,572
Accounts receivable ( net of allowance for uncollectibles of \$2,410,336)		75,164	75,164
Fines receivable ( net of allowance for uncollectibles of \$1,112,805)	49,289		49,289
Loans receivable	99,720		99,720
Intergovernmental receivables	32,215		32,215
Due from other funds	113,250	27,710	140,960
Other receivables	2,976		2,976
<b>Total Assets</b>	<b>4,472,290</b>	<b>4,127,618</b>	<b>8,599,908</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Claims payable	158,757	107,673	266,430
Claims and judgments payable	68,643		68,643
Intergovernmental payables	153,642		153,642
Due to other funds	27,710	113,250	140,960
Amounts held in custody for others	4,098		4,098
<b>Total Liabilities</b>	<b>412,850</b>	<b>220,923</b>	<b>633,773</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	3,408,984	1,774,588	5,183,572
Unavailable revenue - sanitation fees		75,164	75,164
Unavailable revenue - fines	49,289		49,289
<b>Total Deferred Inflows of Resources</b>	<b>3,458,273</b>	<b>1,849,752</b>	<b>5,308,025</b>
<b>FUND BALANCE</b>			
Restricted for:			
Public safety		470,943	470,943
Public works		1,115,797	1,115,797
Health and welfare		21,618	21,618
Culture & recreation		4,773	4,773
Economic development		16,659	16,659
Debt Service		430,854	430,854
Unassigned	601,167	(3,701)	597,466
<b>Total Fund Balances</b>	<b>601,167</b>	<b>2,056,943</b>	<b>2,658,110</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,472,290</b>	<b>4,127,618</b>	<b>8,599,908</b>

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

**Humphreys County****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2015****Exhibit 3-1**

	<b><u>Amount</u></b>
Total Fund Balance - Governmental Funds	\$ 2,658,110
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$45,531,331.	30,454,905
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	124,453
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,345,874)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(5,595,806)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	1,117,856
Deferred inflows of resources related to pensions	(3,646)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(46,783)
Total Net Position - Governmental Activities	\$ <u><u>24,363,215</u></u>

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

## Humphreys County

Exhibit 4

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

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<b>REVENUES</b>			
Property taxes	\$ 4,637,975	2,034,208	6,672,183
Road and bridge privilege taxes		87,788	87,788
Licenses, commissions and other revenue	50,246	3,161	53,407
Fines and forfeitures	116,255		116,255
Intergovernmental revenues	464,538	2,203,418	2,667,956
Charges for services	13,120	284,088	297,208
Interest income	7,954	12,415	20,369
Miscellaneous revenues	216,193	15,445	231,638
Total Revenues	5,506,281	4,640,523	10,146,804
<b>EXPENDITURES</b>			
General government	3,362,662	13,684	3,376,346
Public safety	1,414,344	97,072	1,511,416
Public works	3,900	3,588,539	3,592,439
Health and welfare	82,435	164,400	246,835
Culture and recreation	47,000		47,000
Conservation of natural resources	119,273		119,273
Economic development and assistance	2,000	386,350	388,350
Debt service:			
Principal	34,812	606,419	641,231
Interest	9,381	126,834	136,215
Bond issue cost	98,192		98,192
Total Expenditures	5,173,999	4,983,298	10,157,297
Excess of Revenues over (under) Expenditures	332,282	(342,775)	(10,493)
<b>OTHER FINANCING SOURCES ( USES)</b>			
Long-term capital debt issued	1,538,211		1,538,211
Proceeds from sale of capital assets	45,000		45,000
Transfer in (out)	(424,048)	424,048	0
Total Other Financing Sources and Uses	1,159,163	424,048	1,583,211
Net Changes in Fund Balances	1,491,445	81,273	1,572,718
Fund Balances - Beginning, as previously reported	(1,003,998)	1,975,670	971,672
Prior period adjustments	113,720		113,720
Fund Balances - Beginning, as restated	(890,278)	1,975,670	1,085,392
Fund Balances - Ending	\$ 601,167	2,056,943	2,658,110

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

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

**Exhibit 4-1**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,572,718
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,510,564 exceeded depreciation of \$752,135 in the current period.	758,429
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$254 and the proceeds from the sale of \$45,000 in the current period.	(44,746)
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.	32,019
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	6,098
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$1,538,211 exceeded debt repayment of \$641,231.	(896,980)
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 balance by a combination of the following items:	
Interest payable	3,372
Compensated absences	(12,951)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(714,527)
Recording of contributions made prior and subsequent to the measurement date	356,783
Change in Net Position of Governmental Activities	\$ <u><u>1,060,215</u></u>

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

**Humphreys County  
Statement of Fiduciary Assets and Liabilities  
September 30, 2015**

**Exhibit 5**

	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash	\$ <u>305,659</u>
Total Assets	<u>305,659</u>
<b>LIABILITIES</b>	
Intergovernmental payables	<u>305,659</u>
Total Liabilities	\$ <u>305,659</u>

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



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity.**

Humphreys 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 Humphreys County to present these financial statements on the primary government and its component units which has a significant operational or financial relationship with the County.

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

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

**B. Individual Component Unit Disclosures.**

**Discretely Presented Component Unit** - The component unit column in the financial statements includes the financial data of the following component unit of the County. They are reported in a separate column to emphasize that it is legally separate from the County. All members of the governing bodies of these component units are appointed by the County Board of Supervisors.

The Humphreys County Library is a public library designed to promote and develop adequate library services throughout Humphreys County that meet the general and specialized needs of the citizens of the County. The Board of Supervisors of Humphreys County appoints the five members of the Library's Board of Trustees.

**C. Basis of Presentation.**

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

*Government-wide Financial Statements:*

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

*Fund Financial Statements:*

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

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

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means 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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

The County reports the following major Governmental Fund:

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

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

**FIDUCIARY FUND TYPE**

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

**E. Account Classifications.**

The account classifications used in the financial statements conform to the 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, 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 market value. However, the county did not invest in any governmental securities during the year.

**G. Receivables.**

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

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**H. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**I. Capital Assets.**

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. 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:

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

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

**J. Deferred Outflows/Inflows of Resources.**

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
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Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows or resources reported by the pension plan in which the County participates. See Note 12 for additional details.

**K. Pensions.**

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

**L. Long-term liabilities.**

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

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

**M. Equity Classifications.**

Government-wide Financial Statements:

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

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

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

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

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

**Fund Financial Statements:**

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

Government fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

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

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

**Fund Balance Flow Assumptions:**

When expenditures are incurred for purposes for which both restricted and unrestricted (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 (unassigned) resources are available, it is the County's general policy to spend unassigned amounts.

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**N. 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 vehicle and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

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

**O. 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.

**P. Compensated Absences.**

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

**Q. Changes in Accounting Standards**

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

**HUMPHREYS COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 - PRIOR PERIOD ADJUSTMENTS.**

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities:

Humphreys County	
Explanation	Amount
Implementation of GASB 68 & 71 - Governmental Activities	
Net position liability (measurement date)	\$ (4,211,945)
Deferred outflows of resources- contributions	88,093
To record loan receivable for over cap amounts owed by chancery clerk	113,720
Total prior period adjustments	\$ (4,010,132)
Component Unit – Humphreys County Library	
Explanation	Amount
Implementation of GASB 68 & 71 - Governmental Activities	
Net position liability (measurement date)	\$ (116,645)
Deferred outflows of resources- contributions	2,238
Total prior period adjustments	\$ (114,407)

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balance:

Explanation	Amount
To record loan receivable for over cap amounts owed by chancery clerk	\$ 113,720
Total prior period adjustments	\$ 113,720

**NOTE 3 - DEPOSITS.**

Deposits - The carrying amount of the county's total deposits with financial institutions at September 30, 2015, was \$3,321,671 and the bank balance was \$3,630,253. 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 (FDIC).

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



**HUMPHREYS COUNTY, MISSISSIPPI**  
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**NOTE 4 - INTER-FUND TRANSACTIONS AND BALANCES.**

The following is a summary of inter-fund balances at September 30, 2015:

**A. Due From/To Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 113,250
Other Governmental Funds	General Fund	27,710
Total		<u>\$ 140,960</u>

The receivables represent amounts loaned to the ambulance and library funds (25,000) due to negative cash balances, homestead reimbursement due to an error in posting to the home grant fund (88,250), and tax revenue collected but not settled until October 2015 (27,710). All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

**B. Transfers In/Out**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 424,048
Total		<u>\$ 424,048</u>

The purpose of the transfer was to provide the portion of debt proceeds needed to pay amounts payable resulting from a property tax dispute related to section 42 housing.

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.**

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

<u>Governmental Activities:</u>	<u>Receivables</u>
Legislative Credit	\$ 32,215
Total	<u>\$ 32,215</u>

**NOTE 6 – LOANS RECEIVABLE.**

Loan receivable balances at September 30, 2015, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Promissory Note from chancery clerk	3/1/2015	0%	11/15/2019	\$ 99,720
Total				<u>\$ 99,720</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
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**NOTE 7 - CAPITAL ASSETS.**

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

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 190,513				190,513
Construction in progress	3,154,230	1,151,223			4,305,453
Total Non-depreciable capital assets	3,344,743	1,151,223	-	-	4,495,966
Depreciable capital assets:					
Infrastructure	58,824,043				58,824,043
Buildings	5,489,411	145,147			5,634,558
Improvements other than buildings	1,567,103				1,567,103
Mobile equipment	3,024,202	33,803	99,919	739,898	3,697,984
Furniture and equipment	1,378,882	13,090	9,589		1,382,383
Leased property under capital leases	956,796	167,301		(739,898)	384,199
Total depreciable capital assets	71,240,437	359,341	109,508	-	71,490,270
Less accumulated depreciation for:					
Infrastructure	38,690,491	203,898			38,894,389
Buildings	1,934,807	85,893			2,020,700
Improvements other than buildings	387,959	62,684			450,643
Mobile equipment	2,330,143	239,996	55,550	348,380	2,862,969
Furniture and equipment	1,015,199	114,439	9,212		1,120,426
Leased property under capital leases	485,359	45,225		(348,380)	182,204
Total accumulated depreciation	44,843,958	752,135	64,762	-	45,531,331
Total depreciable capital assets, net	26,396,479	(392,794)	44,746	-	25,958,939
Governmental activities capital assets, net	\$ 29,741,222	758,429	44,746	-	30,454,905

\* Adjustments made are to reclassify paid off leases to mobile equipment.

Depreciation expense was charged to the following functions:

Governmental Activities:	
General Government	5,634
Public Safety	214,398
Public Works	469,634
Health and Welfare	51,848
Culture & Recreation	10,621
Total governmental activities depreciation expense	<u>752,135</u>

**HUMPHREYS COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
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**HUMPHREYS COUNTY COMPONENT UNIT - Humphreys County Library System**

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

	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Depreciable capital assets:					
Library collection	\$ 358,600	3,677			362,277
Total depreciable capital assets	358,600	3,677	-	-	362,277
Less accumulated depreciation for:					
Library collection	351,870	3,631			355,501
Total accumulated depreciation	351,870	3,631	-	-	355,501
Total depreciable capital assets, net	6,730	46	-	-	6,776
Governmental activities capital assets, net	\$ 6,730	46	-	-	6,776

Depreciation expense above is charged to the governmental activities function of Operations.

**NOTE 8 - CLAIMS AND JUDGMENTS.**

**Risk Financing:**

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

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-serving 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 a specific stop loss coverage. This coverage is 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).

**HUMPHREYS COUNTY, MISSISSIPPI**  
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The following table provides changes in the balances of claims liabilities for fiscal years 2014 and 2015:

		2014		2015
Unpaid Claims, Beginning of Fiscal Year	\$	(69,057)	\$	(110,320)
Plus: Incurred Claims ( Including IBNRs )		830,689		944,474
Less: Claims payments		(871,952)		(902,797)
Unpaid Claims, End of Fiscal Year	\$	( 110,320)	\$	( 68,643)

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS.**

The Humphreys County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Humphreys County Board of Supervisors. The County finances its exposure 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. The County has reinsurance which functions on a specific stop loss coverage of \$50,000. After which, the County purchases health insurance coverage from a commercial insurance company 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 No. 45 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the 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.

**NOTE 10 - CAPITAL LEASES.**

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 384,199
Less: Depreciation	<u>(182,204)</u>
Leased Property Under Capital Leases	<u>\$ 201,995</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 157,540	5,628
2017	34,626	2,379
2018	35,821	1,183
2019	<u>15,288</u>	<u>130</u>
Total	<u>\$ 243,275</u>	<u>9,320</u>

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**NOTE 11 – SHORT-TERM DEBT**

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

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015
Description of Debt:					
Tax Anticipation Note	\$ -	1,200,000	1,200,000		-
Total	\$ -	1,200,000	1,200,000	-	-

During the month of December, 2014, the County issued \$1,200,000 of tax anticipation notes with an interest rate of 2.40% and maturity date of April 2015 in order to alleviate a temporary operating cash flow deficiency.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

Plan Description. Humphreys 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.

Benefit Provided. Membership in PERS is a condition of employment granted upon hiring for qualified employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Membership, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility granted to those who qualify upon hiring. Participating members who are vested and retire at or after age of 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before January 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of the average compensation for each year of creditable service up to and including 30 years (25 years for those became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service for 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 65 (55 for those who became members before July 1, 2011), with 3.0

**HUMPHREYS COUNTY, MISSISSIPPI**  
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percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members are required to contribute 9% of their annual covered salary, and the County is required to contribute an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$356,783, \$335,196 and \$340,549 respectively, equal to the required contributions for each year.

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

At September 30, 2015, the County reported a liability of \$5,595,806 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.0362 percent, which was 0.0015 percent higher than its proportion measured as of June 30, 2014 of 0.0347 percent.

For the year ended September 30, 2015, the County recognized pension expense of \$714,527. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,117	
Net difference between projected and actual earnings on investments	327,414	
Changes of assumptions	482,060	
Changes in the proportion and differences between County contributions and proportionate share contributions	133,128	\$ 3,646
County Contributions subsequent to the measurement date	89,137	
	<u>\$ 1,117,856</u>	<u>\$ 3,646</u>

\$89,137 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Deferred Outflows/Inflows Aging:	
Year ending September 30:	Amount
2016	\$ 338,346
2017	338,346
2018	266,527
2019	81,854
Total	<u>\$ 1,025,073</u>

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	-0.50%
	<u>100.00%</u>	

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

*Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (9.75 percent) than the current rate:

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	\$ 7,375,785	\$ 5,595,806	\$ 4,118,756

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

**HUMPHREYS COUNTY COMPONENT UNIT - Humphreys County Library System**

Plan Description. The Humphreys County Library contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Library's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$9,251, \$9,313, and \$9,741, respectively, equal to the required contributions for each year.

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

At September 30, 2015 the Library reported a liability of \$139,122 for its proportionate share of the net pension liability. At June 30, 2015, the Library's proportion was 0.0009 percent.

For the year ended September 30, 2015, the System recognized pension expense of \$13,235. At September 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,232	
Net difference between projected and actual earnings on investments		\$ 3,737
Changes of assumptions	11,985	
Changes in the proportion and differences between County contributions and proportionate share contributions		
County Contributions subsequent to the measurement date	2,413	
	<u>\$ 17,630</u>	<u>\$ 3,737</u>

\$2,413 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/revenue as follows:

Deferred Outflows/Deferred Inflows Aging:		
Year ending September 30:	Amount	
2016	\$	3,882
2017		3,747
2018		1,816
2019		2,035
Total	<u>\$</u>	<u>11,480</u>

*Sensitivity to the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	\$ 183,376	\$ 139,122	\$ 102,400

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE 13 - LONG TERM DEBT.**

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds			
2006 GO Refunding Bonds	\$ 65,000	4.8	06-16
2006 GO Refunding Bonds	455,000	4.0	05-17
2010 GO Bond Cap. Improvements	650,000	3.8	05-20
2014 GO Bond Public Improvements	1,125,000	2.1-3.0	05-24
2015 GO Bond Non-Capital	1,400,000	2.98	06-23
Total General Obligation Bonds	<u>\$ 3,695,000</u>		
B. Capital Leases:			
IBM Computer	\$ 1,771	3.41	11-15
Sheriff office vehicles	119,205	2.59	02-19
2012 Volvo Motor grader	122,299	1.96	08-16
Total Capital Leases	<u>\$ 243,275</u>		
C. Other Loans:			
Health Complex	\$ 350,030	4.75	12-29
Kubota	13,105	3.75	04-17
Total Other Loans	<u>\$ 363,135</u>		

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	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	500,000	113,941	25,232	15,227
2017	450,000	97,488	22,615	14,214
2018	398,000	81,525	18,519	13,400
2019	412,000	69,440	19,330	12,613
2020	426,000	56,711	20,175	11,791
2021-2025	1,509,000	91,563	114,914	45,319
2026-2030			142,350	18,667
Total	<u>\$ 3,695,000</u>	<u>510,668</u>	<u>363,135</u>	<u>131,231</u>

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2015, the amount of outstanding debt was equal to 5.19% of the latest property assessments.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 31,513	12,951			44,464	-
Other loans	479,530		116,395		363,135	25,232
General obligation bonds	2,740,000	1,400,000	445,000		3,695,000	500,000
Capital leases	184,900	138,211	79,836		243,275	157,540
Total	\$ 3,435,943	1,551,162	641,231	-	4,345,874	682,772

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Maintenance District Funds, Garbage and Solid Waste Fund, and E-911 Fund.

**NOTE 14 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.**

The following funds reported a deficit in fund balance at September 30, 2015:

	Deficit Amount
Emergency Medical (Ambulance)	\$ 14,638
Law Library	3,701
Garbage & Solid Waste	148,383

**NOTE 15 - 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.

**NOTE 16 - JOINT VENTURE.**

The county participates in the following joint venture:

The North Central Task Force consists of Carroll, Claiborne, Grenada, Holmes, Humphreys, Leflore, Quitman and Tunica Counties and the Cities of Itta Bena and Port Gibson. It is a multi-jurisdictional drug

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

enforcement task force established to provide more widespread apprehension and possession of violators. The County appropriated \$0 for its support in fiscal year 2015.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS.**

The county participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$140,270 for the support and maintenance of the college in fiscal year 2015.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Humphreys County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$23,200 to the entity in the fiscal year 2015.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints one of the 22 members of the district board of directors. The County appropriated \$0 for the support of the district in fiscal year 2015.

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 Humphreys County Board of Supervisors appoints one of the 21 members of the board of commissioners. The County appropriated \$41,577 to the district in fiscal year 2015.

**NOTE 18 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

The unrestricted net position amount of (\$5,279,303) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,646 balance of the deferred inflow of resources at September 30, 2015 will be recognized as revenue and increase unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$5,279,303) includes the effect of deferring the recognition of expense resulting from a deferred outflow from pensions. The \$1,117,856 balance of the deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 4 years.

**NOTE 19 - SUBSEQUENT EVENTS.**

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes.

**HUMPHREYS COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

Management of Humphreys County evaluated the activity of the County through November 16, 2016 (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements.

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11-2016	1.40% - 2.00%	\$668,000	General Obligation Note	Ad valorem Taxes

## **HUMPHREYS COUNTY**

### **REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 4,094,650	4,588,102	4,588,102	-
Licenses, commissions and other revenue	120,000	84,883	84,883	-
Fines and forfeitures	160,000	122,625	122,625	-
Intergovernmental revenues	354,500	366,469	366,469	-
Charges for services	20,000	13,120	13,120	-
Interest income	10,000	7,885	7,885	-
Miscellaneous revenues	156,000	382,351	382,351	-
Total Revenues	<u>4,915,150</u>	<u>5,565,435</u>	<u>5,565,435</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,389,880	4,723,174	4,723,174	-
Public safety	1,143,650	1,190,601	1,190,601	-
Public works	-	3,900	3,900	-
Health and welfare	83,000	78,568	78,568	-
Culture and recreation	40,000	42,500	42,500	-
Conservation of natural resources	140,450	118,261	118,261	-
Economic development and assistance	2,000	2,000	2,000	-
Debt Service	1,266,000	1,244,193	1,244,193	-
Total Expenditures	<u>6,064,980</u>	<u>7,403,197</u>	<u>7,403,197</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,149,830)</u>	<u>(1,837,762)</u>	<u>(1,837,762)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	1,200,000	1,400,000	1,400,000	-
Other financing uses	(50,000)	(10,515)	(10,515)	-
Total Other Financing Sources and Uses	<u>1,150,000</u>	<u>1,389,485</u>	<u>1,389,485</u>	<u>-</u>
Net Change in Fund Balance	170	(448,277)	(448,277)	-
Fund Balance - Beginning	<u>(2,826,038)</u>	<u>(2,003,194)</u>	<u>(2,003,194)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (2,825,868)</u>	<u>(2,451,471)</u>	<u>(2,451,471)</u>	<u>-</u>

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

**Humphreys County**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2015**

	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset)	0.036%	0.035%
County's proportionate share of the net pension liability (asset)	\$ 5,595,806	\$ 4,211,945
County's covered-employee payroll	2,265,291	2,128,229
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.02%	197.91%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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



**Humphreys County**  
**Schedule of County Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2015**

	<b>2015</b>
Contractually required contribution	\$ 356,783
Contributions in relation to the contractually required contribution	356,783
Contribution deficiency (excess)	-
County's covered-employee payroll	\$ 2,265,291
Contributions as a percentage of covered-employee payroll	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2015**

**A. Budgetary Information.**

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, 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. The Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

**C. Budget/GAAP Reconciliation.**

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

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

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

	<u><b>General Fund</b></u>
Budget (Cash Basis)	\$ (448,277)
Increase (Decrease)	
Net adjustments for revenue accruals	1,324,055
Net adjustments for expenditure accruals	<u>615,667</u>
GAAP Basis	<u><u>\$ 1,491,445</u></u>

### Pension Schedules

A. Changes in benefit terms

No none changes were noted.

B. Changes of assumptions

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

## **HUMPHREYS COUNTY**

## **OTHER INFORMATION**

**Humphreys County**  
**Schedule of Surety Bonds for County Officials (Unaudited)**  
**For the Year Ended September 30, 2015**

<b>Name</b>	<b>Position</b>	<b>Surety Company</b>	<b>Bond Amount</b>
Claven Jones	Supervisor District 1	Western Surety	100,000
R. D. Stevens	Supervisor District 2	Western Surety	100,000
Willie F. Brown	Supervisor District 3	Western Surety	100,000
Jerry Wood	Supervisor District 4	Western Surety	100,000
Roy Broomfield	Supervisor District 5	CNA Surety	100,000
Thomas L. Goodwin	County Administrator	Western Surety	100,000
Lawrence Browder	Chancery Clerk	Western Surety	200,000
Shavon Ellis	Chancery Deputy Clerk	Western Surety	10,000
Mary Norris	Chancery Deputy Clerk	Western Surety	50,000
Timaka James Jones	Circuit Clerk	Western Surety	100,000
Sharon Neal - Deputy	Circuit Deputy Clerk	Western Surety	50,000
Vernetta Washington	Circuit Deputy Clerk	Western Surety	50,000
Lawrence Browder	Purchase Clerk	Western Surety	75,000
Mary Norris	Asst. Purchase Clerk	Western Surety	25,000
Calvin Ball	Receiving Clerk	Western Surety	75,000
Gail F. Hood	Asst. Receiving Clerk	Travelers	50,000
Latoya Smith	Inventory Control Clerk	Travelers	75,000
J. D. Roseman	Sheriff	Western Surety	100,000
Marty Hardin	Constable - North	Travelers	25,000
Andrew Dent	Constable - South	Travelers	25,000
Sandra Overton	Justice Court Clerk	Travelers	50,000
Marva Gibson	Justice Court Clerk	Travelers	50,000
Akeitha L. Smith	Justice Court Clerk	Travelers	50,000
Mary Norris-Hart	Justice Court Judge	Western Surety	50,000
Shirley Brown Cummings	Justice Court Judge	Western Surety	50,000
Margaret Parks	Tax Collector/Assessor	Western Surety	100,000
Margaret Parks	Tax Collector/Assessor	Western Surety	10,000
Schardell Little	Tax Collector/Assessor- Deputy	Travelers	50,000
Doretha Ann Shanklin	Tax Collector/Assessor- Deputy	Travelers	50,000
Patricia Johnson	Tax Collector/Assessor- Deputy	Western Surety	50,000
Angelia Fontenot	Tax Collector/Assessor- Deputy	Western Surety	50,000
April Morgan	Tax Collector/Assessor- Deputy	Western Surety	50,000
Alicia Toler	Tax Collector/Assessor- Deputy	Western Surety	50,000

## **HUMPHREYS COUNTY**

### **SPECIAL REPORTS**



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

**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  
Humphreys County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 16, 2016. This 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. We did not audit the financial statements of the Humphreys County Library, component unit which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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

Finding and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Humphreys 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*.

However, we noted certain matters that we reported to the management of Humphreys County, Mississippi, in the Limited Internal Control and Compliance Review Management Report and the Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated November 16, 2016 within this document.

### **Humphreys County's Responses to Findings**

Humphreys County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Humphreys County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
November 16, 2016





DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

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

Members of the Board of Supervisors  
Humphreys County, Mississippi

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

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

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

Inventory Clerk.

1. Finding

The inventory clerk failed to record the additions or deletions to fixed assets as prescribed in the fixed asset manual for county government. Section 7-7-211, Mississippi Code Annotated (1972), and other code sections as set forth authorize the Office of the State Auditor to prescribe and implement systems to identify and account for fixed assets acquired by local government. Capitalizable assets not accounted were additions of \$359,341 and deletions of \$109,508.

Recommendation

To achieve the objectives of the systems and accounting for fixed asset acquisition and deletion, the County is required to follow the fixed asset manual guidelines established by the Office of the State Auditor. Those responsible should review these guidelines and ensure adherence.

Inventory Clerk's Response

We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Humphreys County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

November 16, 2016

**HUMPHREYS COUNTY**

**Schedule 1**

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

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

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

**Schedule 2**

Our test results did not identify any emergency purchases.

**HUMPHREYS COUNTY**

**Schedule 3**

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

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

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

Members of the Board of Supervisors  
Humphreys County, Mississippi

In planning and performing our audit of the financial statements of Humphreys County, Mississippi for the year ended September 30, 2015, we considered Humphreys 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 Humphreys 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 November 16, 2016, on the financial statements of Humphreys County, Mississippi.

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

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

### **Board of Supervisors**

#### **1. Deficit Fund Balances**

##### **Finding**

As reported in prior audit reports, the county had deficit fund balances. These deficit fund balances existed in the Garbage and Solid Waste Fund (\$148,383), Emergency Medical-Ambulance Fund (\$14,638), and the Law Library Fund (\$3,701).

#### Recommendation

The Board of Supervisors should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.

#### Board of Supervisor's Response

The Board is working diligently to resolve the issue of the deficit fund balance in the funds referenced.

#### 2. Allocation of Interest

#### Finding

As reported in prior audit reports, interest earned on checking account monies is discretely allocated to funds which makeup the General County investment account.

#### Recommendation

Interest earned should be allocated to all funds that makeup the General County investment account based on its proportionate share of the account balance.

#### Board of Supervisor's Response

The Board will comply.

#### Chancery Clerk's Office

#### 1. Amounts Due in Excess of the Salary Limitation

#### Finding

Title 9, Chapter 1, Section 43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 for the preceding calendar year. The Chancery Clerk has exceeded the salary limitation for the 2014 and 2015 calendar year. The clerk did not settle the 2014 (\$31,514) and 2015 (\$18,139) amounts due to the County.

#### Recommendation

Amounts in excess of the salary limitation should be paid to the county.

#### Chancery Clerk's Response

The amounts being paid on the promissory note related to previous year's amounts due in excess of the salary limitation created a strain on the cash flow resources available.

## 2. Un-settled Court Fees Due the County and State

### Finding

During our review of the clerk's annual accounting ledgers, it came to our attention that the clerk had not settled fees due the county and state for several months. These fees are derived from assessments made by courts for which the clerk provides services.

### Recommendation

The clerk should settle all court fees on a timely basis. If possible, the month following receipt of the fees.

### Chancery Clerk's Response

I shall comply with the recommendations of the current audit findings. The fees will be settled monthly and in accordance to the guidelines of the Mississippi State Auditor.

### Circuit Clerk's Office

#### 1. Monthly Settlements

### Finding

The Circuit Clerk did not settle the criminal and civil accounts by the 20<sup>th</sup> of the following month in (8) cases for each account.

### Recommendation

The clerk should make settlements timely to ensure that funds are not misappropriated.

### Circuit Clerk's Response

I shall comply with the guidelines of the Office of the State Auditor. I shall timely complete all settlements for each account monthly.

#### 2. Distribution of Cash, Cash Journals, and Bank Reconciliations

### Finding

During our review of the clerk's distribution of cash and corresponding bank reconciliations, it came to our attention that the distribution of cash and bank reconciliations contained items from receipts which had not actually been deposited into the bank account. These items primarily pertained to restitution received by the clerk in the form of cash payments. Instead of depositing the receipts the clerk contacted the recipient and requested they personally pick up the payments.



### Recommendation

The clerk should adhere to the guidelines established by the Office of the State Auditor's "County Financial Accounting Manual, section E – 109, Circuit Clerk", which requires the circuit clerk to reconcile the bank statements to the cash journals monthly. By doing so, the clerk would assure that all receipts are accounted for and the distribution of cash correctly reflects all funds held by the clerk.

### Circuit Clerk's Response

Every receipt shall reflect a completed deposit for every single transaction for the circuit clerk's office. All payments received shall now be received in the form of a cashier's check or money order to be collected and deposited for monthly settlements. I will also continue to make any necessary corrections. I shall adhere to the recommendations of my audit finding and comply with the guidelines of the Office of the State Auditor.

### Sheriff's Office

1. Exceeding Limitation on Daily Cost of Feeding Prisoners

### Finding

As reported in prior audits, Title 19, Chapter 25, Section 73(b), requires that the annual daily cost of feeding prisoners not exceed \$6 per day. The computation of meal cost per prisoner day resulted in a cost of \$10.77 per day.

### Recommendation

The Sheriff should make necessary changes in food procurement and preparation in order to comply with the \$6 per day limit.

### Sheriff's Response

Efforts will be made to comply with the \$6 per day food cost on feeding prisoners.

We have taken exception to certain costs. The details of the exceptions and dispositions are as follows:

1. Exception issued on: Mr. Lawrence Browder, Chancery Clerk  
  
Nature of exception: The clerk has not settled fees due the County and state for several months. These fees are derived from the courts which the clerk provides services. Cash balances were not sufficient to cover the amounts due.  
  
See Chancery Clerk's Office Finding # 2 described in this report.  
  
Amount of exception: An estimated \$87,233 as of 12-31-2015.

Disposition of exception:            This matter has been referred to the Investigative division of the  
Office of the State Auditor.

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

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

November 16, 2016

## **HUMPHREYS COUNTY**

### **SCHEDULE OF FINDINGS AND RESPONSES**

**HUMPHREYS COUNTY**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2015**

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: |               |
| Governmental activities   | Qualified     |
| Discretely presented component unit                             | Unmodified    |
| General Fund  | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements?          | No            |

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

- 2015-001. County did not implement GASB Statement No. 45. - Other Postemployment Benefits Other Than Pensions**

Finding

Humphreys 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 a single employer defined benefit health care plan. GASB Statement No. 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits. As reported in the prior three year's audit report, the County has not recorded a liability for other postemployment benefits, nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities. The County does not issue a publicly available financial report for their health insurance plan.

### Recommendation

The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and 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 out weighs the benefits, therefore, we will not have an actuarial valuation performed.