



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

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

Fortenberry & Ballard, PC
Certified Public Accountants

Carroll County, Mississippi
TABLE OF CONTENTS

PAGE #

FINANCIAL SECTION

Independent Auditor's Report on the Basic Financial Statements and Supplementary Information.....	5
--	---

FINANCIAL STATEMENTS

Exhibit 1 - Statement of Net Position.....	9
Exhibit 2 - Statement of Activities	10
Exhibit 3 - Balance Sheet - Governmental Funds	11
Exhibit 3-1 - Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	12
Exhibit 4 - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Exhibit 4-1- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Exhibit 5 - Statement of Net Position - Proprietary Fund.....	15
Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	16
Exhibit 7 - Statement of Cash Flows - Proprietary Fund.....	17
Exhibit 8 - Statement of Fiduciary Assets & Liabilities.....	18
Notes to the Financial Statements	20

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund.....	41
Budgetary Comparison Schedule - Bridge Fund	42
Schedule of the County's Proportionate Share of the Net Pension Liability	43
Schedule of County Contributions	44
Notes to the Required Supplementary Information	45

SUPPLEMENTARY INFORMATION

Reconciliation of Operating Cost of Solid Waste.....	48
--	----

OTHER INFORMATION

Schedule of Surety Bonds for County Officials	50
---	----

SPECIAL REPORTS

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 <i>Government Auditing Standards</i>	53
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)).....	55
Limited Internal Control and Compliance Review Management Report	60
Schedule of Findings and Responses.....	62

Carroll County Location in Mississippi



Carroll County was established by the Mississippi legislature in 1833 from the land ceded by the Choctaw Indians under the Treaty of Dancing Rabbit Creek in 1830. It was named for Charles Carroll, a signer of the Declaration of Independence. Because of its original size, 908 square miles, Carroll county had two county seats, Carrollton and Vaiden. In 1870, significant portions of this county were used to form other counties, such as: Leflore, Grenada and Montgomery. This reduced its size to the present 615 square miles.

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the Board of Supervisors
Carroll County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carroll County, Mississippi as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Carroll County, Mississippi's basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Cost of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Cost of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to

the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Cost of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of the Carroll County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 11, 2016

Certified Public Accountants

FINANCIAL STATEMENTS

CARROLL COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 4,414,195	10,879	4,425,074
Investments		1,875,723	1,875,723
Property tax receivable	4,419,792		4,419,792
Accounts receivable (net of allowance for uncollectibles of \$443,399)	146,345		146,345
Fines receivable (net of allowance for uncollectibles of \$888,943)	375,677		375,677
Capital leases receivable	933,593		933,593
Intergovernmental receivables	209,997	246,877	456,874
Other receivables	15,085	13,519	28,604
Special assessments receivable	3,366		3,366
Capital assets:			
Land and construction in progress	2,453,888		2,453,888
Other capital assets, net	10,939,982	3,107,507	14,047,489
Total Assets	23,911,920	5,254,505	29,166,425
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	937,868	587,586	1,525,454
LIABILITIES			
Claims payable	303,195	113,381	416,576
Intergovernmental payables	63,110		63,110
Amounts held in custody for others	27,630		27,630
Accrued interest payable	17,809	16,356	34,165
Long-term liabilities			
Due within one year:			
Capital debt	226,510	435,000	661,510
Non-capital debt	89,365		89,365
Due in more than one year:			
Capital debt	1,931,597	885,000	2,816,597
Non-capital debt	732,728	12,986	745,714
Net pension liability	5,530,681	3,456,461	8,987,142
Total Liabilities	8,922,625	4,919,184	13,841,809
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	4,419,792		4,419,792
Interest income on capital lease	113,575		113,575
Special assessment tax	3,366		3,366
Unearned revenue for future reporting period	29,891		29,891
Total Deferred Inflows of Resources	4,566,624	-	4,566,624
NET POSITION			
Net investment in capital assets	11,235,763	1,787,507	13,023,270
Restricted:			
Expendable:			
General government	60,679		60,679
Debt service		356,256	356,256
Public safety	650,303		650,303
Public works	1,761,116		1,761,116
Health and Welfare	49,764		49,764
Unrestricted	(2,397,086)	(1,220,856)	(3,617,942)
Total Net Position	\$ 11,360,539	922,907	12,283,446

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

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

Exhibit 2

					Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
		Charges for	Operating	Capital	Governmental	Business-type	
Functions/Programs	Expenses	Services	Grants and	Grants and	Activities	Activities	Total
			Contributions	Contributions			
<u>Primary government:</u>							
Governmental activities:							
General government	\$ 2,178,012	294,149	26,847		(1,857,016)		(1,857,016)
Public safety	1,117,847	94,685	61,443	49,183	(912,536)		(912,536)
Public works	3,171,541	617,597	1,024,630	2,120,034	590,720		590,720
Health and welfare	124,310		7,158	19,910	(97,242)		(97,242)
Culture and recreation	138,319				(138,319)		(138,319)
Conservation of natural resources	79,893				(79,893)		(79,893)
Economic development and assistance	125,557			108,205	(17,352)		(17,352)
Interest on long-term debt	92,585				(92,585)		(92,585)
Pension expense	646,664				(646,664)		(646,664)
Total Governmental Activities	<u>7,674,728</u>	<u>1,006,431</u>	<u>1,120,078</u>	<u>2,297,332</u>	<u>(3,250,887)</u>	<u>-</u>	<u>(3,250,887)</u>
Business-type activities:							
Regional Jail	<u>3,432,377</u>	<u>3,116,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315,552)</u>	<u>(315,552)</u>
Total Business-type Activities	<u>3,432,377</u>	<u>3,116,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315,552)</u>	<u>(315,552)</u>
Total Primary Government	<u>\$ 11,107,105</u>	<u>4,123,256</u>	<u>1,120,078</u>	<u>2,297,332</u>	<u>(3,250,887)</u>	<u>(315,552)</u>	<u>(3,566,439)</u>
General revenues:							
Property taxes					\$ 4,262,089		4,262,089
Road & bridge privilege taxes					142,507		142,507
Grants and contributions not restricted to specific programs					293,981		293,981
Unrestricted interest/investment income					37,373	8,188	45,561
Miscellaneous					170,495	69,357	239,852
Total General Revenues					<u>4,906,445</u>	<u>77,545</u>	<u>4,983,990</u>
Changes in Net Position					1,655,558	(238,007)	1,417,551
Net Position - Beginning, as originally reported					14,002,174	4,344,042	18,346,216
Prior Period Adjustments					<u>(4,297,193)</u>	<u>(3,183,128)</u>	<u>(7,480,321)</u>
Net Position - Beginning, as restated					<u>9,704,981</u>	<u>1,160,914</u>	<u>10,865,895</u>
Net Position - Ending					<u>\$ 11,360,539</u>	<u>922,907</u>	<u>12,283,446</u>

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

CARROLL COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2015

Exhibit 3

	Major Funds			
	General Fund	Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,776,518	339,225	2,298,452	4,414,195
Property tax receivable	2,940,012	221,156	1,258,624	4,419,792
Accounts receivable (net of allowance for uncollectibles of \$443,399)			146,345	146,345
Fines receivable (net of allowance for for uncollectibles of \$888,943)	375,677			375,677
Capital lease receivables			933,593	933,593
Intergovernmental receivables	87,574	4,185	118,238	209,997
Other receivables			15,085	15,085
Due from other funds		2,532	32,762	35,294
Special assessments receivable			3,366	3,366
Total Assets	\$ 5,179,781	567,098	4,806,465	10,553,344
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 58,323	47,304	197,568	303,195
Intergovernmental payables	63,110			63,110
Due to other funds	35,294			35,294
Amounts held in custody for others	27,630			27,630
Total Liabilities	184,357	47,304	197,568	429,229
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	2,940,012	221,156	1,258,624	4,419,792
Unavailable revenue - capital lease			933,593	933,593
Unavailable revenue - fines	375,677			375,677
Unavailable revenue - unearned revenue			29,891	29,891
Unavailable revenue - accounts receivable			146,345	146,345
Unavailable revenue - special assessment tax			3,366	3,366
Total Deferred Inflows of Resources	3,315,689	221,156	2,371,819	5,908,664
Fund balances:				
Restricted for:				
General government			60,679	60,679
Public safety			650,303	650,303
Public works		298,638	1,454,394	1,753,032
Debt service			13,854	13,854
Committed:				
Public works			8,084	8,084
Health and welfare			49,764	49,764
Unassigned	1,679,735			1,679,735
Total Fund Balances	1,679,735	298,638	2,237,078	4,215,451
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,179,781	567,098	4,806,465	10,553,344

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

CARROLL COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,215,451
Amounts reported for governmental services 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 \$7,324,079.	13,393,870
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	522,022
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(2,980,200)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(17,809)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	820,018
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(5,530,681)
Deferred outflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	937,868
Total Net Position - Governmental Activities	\$ <u><u>11,360,539</u></u>

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

CARROLL COUNTY, MISSISSIPPIExhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2015

	Major Funds			
	General Fund	Bridge Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 3,003,679	133,134	1,125,276	4,262,089
Road and bridge privilege taxes			142,507	142,507
Licenses, commissions and other revenue	116,431		756	117,187
Fines and forfeitures	133,646		3,546	137,192
Special assessments			1,275	1,275
Intergovernmental revenues	271,784	2,487,402	950,930	3,710,116
Charges for services	4,632		679,263	683,895
Interest income	4,773	1,137	31,463	37,373
Miscellaneous revenues	89,635		80,746	170,381
Total Revenues	<u>3,624,580</u>	<u>2,621,673</u>	<u>3,015,762</u>	<u>9,262,015</u>
EXPENDITURES				
Current:				
General government	2,028,783		259,067	2,287,850
Public safety	725,282		371,299	1,096,581
Public works	15,420	2,905,132	2,134,887	5,055,439
Health and welfare	77,943		38,878	116,821
Culture and recreation	133,118			133,118
Conservation of natural resources	87,031			87,031
Economic development and assistance	17,352		108,205	125,557
Debt service:				
Principal	9,137		305,545	314,682
Interest	365		84,148	84,513
Total Expenditures	<u>3,094,431</u>	<u>2,905,132</u>	<u>3,302,029</u>	<u>9,301,592</u>
Excess of Revenues over (under) Expenditures	<u>530,149</u>	<u>(283,459)</u>	<u>(286,267)</u>	<u>(39,577)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	13,826		145,000	158,826
Proceeds from sale of capital assets	2,624		10,500	13,124
Transfers in			224,108	224,108
Transfers out	(224,108)			(224,108)
Lease principal payments			85,308	85,308
Total Other Financing Sources and Uses	<u>(207,658)</u>	<u>-</u>	<u>464,916</u>	<u>257,258</u>
Net Changes in Fund Balances	322,491	(283,459)	178,649	217,681
Fund Balances - Beginning	<u>1,357,244</u>	<u>582,097</u>	<u>2,058,429</u>	<u>3,997,770</u>
Fund Balances - Ending	<u>\$ 1,679,735</u>	<u>298,638</u>	<u>2,237,078</u>	<u>4,215,451</u>

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

CARROLL COUNTY, MISSISSIPPIExhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 217,681
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 \$2,248,195 exceeded depreciation of \$620,622 in the current period.	1,627,573
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 \$114 and loss of \$8,543 and the proceeds from the sale of \$13,124.	(21,553)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	49,467
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	18,690
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayment of \$314,682 exceeded debt proceeds of \$158,826.	155,856
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(85,308)
Items reported in the Statement of Activities related to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(646,664)
Contributions made after measurement date and the first nine months of the year	347,888
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the amount of the decrease in accrued interest payable.	
The amount of the change in accrued interest payable	(8,072)
Change in Net Position of Governmental Activities	\$ <u><u>1,655,558</u></u>

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

Exhibit 5

	Business-type Activities CMRCF Fund
ASSETS	
Current:	
Cash	\$ 10,879
Investments	1,875,723
Intergovernmental receivables	246,877
Other receivables	13,519
Total current assets	<u>2,146,998</u>
Non-current	
Capital assets:	
Other capital assets, net	<u>3,107,507</u>
Total non-current assets	<u>3,107,507</u>
Total Assets	<u>5,254,505</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>587,586</u>
LIABILITIES	
Current:	
Claims payable	113,381
Accrued interest payable	16,356
Total current liabilities	<u>129,737</u>
Non-current:	
Long-term liabilities	
Due within one year:	
Capital debt	435,000
Due in more than one year:	
Capital debt	885,000
Non-capital debt	12,986
Net pension liability	<u>3,456,461</u>
Total non-current liabilities	<u>4,789,447</u>
Total Liabilities	<u>4,919,184</u>
NET POSITION	
Net investment in capital assets	1,787,507
Restricted:	
Debt service	356,256
Unrestricted	<u>(1,220,856)</u>
Total Net Position	<u>\$ 922,907</u>

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

CARROLL COUNTY, MISSISSIPPIExhibit 6

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

	Business-type Activities CMRCF Fund
OPERATING REVENUES	
Charges for services	\$ 3,116,825
Miscellaneous	69,357
Total operating revenues	<u>3,186,182</u>
OPERATING EXPENSES	
Personnel services	1,850,213
Contractual services	387,607
Materials and supplies	558,504
Pension expense	404,481
Depreciation expense	107,995
Indirect administrative cost	55,990
Total operating expenses	<u>3,364,790</u>
Operating Income (Loss)	<u>(178,608)</u>
NON-OPERATING REVENUES (EXPENSES):	
Unrealized gain (loss) on fair market value of investments	8,188
Interest expense	<u>(67,587)</u>
Total non-operating revenues (expenses)	<u>(59,399)</u>
Change in Net Position	<u>(238,007)</u>
Net Position - Beginning, as previously reported	4,344,042
Prior period adjustment	<u>(3,183,128)</u>
Net Position - Beginning, as restated	<u>1,160,914</u>
Net Position - Ending	<u>\$ 922,907</u>

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

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

Exhibit 7

	Business-type Activities CMRCF Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 3,156,940
Payments to suppliers	(548,416)
Payments to employees	(2,067,884)
Payments for contractual services	(381,258)
Payments to General Fund for indirect costs	(55,990)
Other operating receipts	65,420
Net Cash Provided (Used) by Operating Activities	<u>168,812</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid on long-term debt	(415,000)
Interest paid on debt	(61,830)
Purchase of capital assets	(36,313)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(513,143)</u>
Cash Flows from Investing Activities:	
Sale of investments	238,090
Interest on investments	8,188
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>246,278</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(98,053)</u>
Cash and Cash Equivalents - Beginning	108,932
Cash and Cash Equivalents - End of Year	\$ <u><u>10,879</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ <u>(178,608)</u>
Adjustments to reconcile operating income to net cash Provided (Used) by Operating Activities	
Depreciation expense	107,995
Changes in assets and liabilities:	
Increase (decrease) in compensated absences payable	259
Increase (decrease) in claims payable	27,819
Increase (decrease) in pension liability	161,658
Increase (decrease) in deferred outflows of resources	21,350
Increase (decrease) in intergovernmental payable	(7,839)
Decrease (increase) in intergovernmental receivables	40,115
Decrease (increase) in other receivables	(3,937)
Total adjustments	<u>347,420</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>168,812</u></u>

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

CARROLL COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 3,581
Total Assets	\$ 3,581
LIABILITIES	
Amounts held in custody for others	\$ 3,581
Total Liabilities	\$ 3,581

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

Carroll County, Mississippi

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

Blended Component Units

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

The Carroll County Economic Development District is comprised solely of the five members of the Carroll County Board of Supervisors. Although it is created legally separate from the county under Section 19-5-99, Miss. Code Ann. (1972), the district is reported as if it were part of the primary government because its sole purpose is to enhance and develop the economic development resources of the county.

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 Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Fund 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.

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

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

The County reports the following major Governmental funds:

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

Bridge Fund - This fund is used to account for monies from specific revenue sources that are restricted for bridge maintenance and construction.

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

The County reports the following major Proprietary Fund:

Carroll-Montgomery Regional Correctional Facility (CMRCF) - This fund is used to account for the County's activities of operating the correctional facility.

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 expenditure 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 expenditure 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 expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPES

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

Receivables represent amounts due to the County for revenue earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts, where applicable.

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

H. Interfund Transactions and Balances.

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

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Carroll County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 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.

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

J. Deferred Outflows/Inflows of Resources

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

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 9 for additional details.

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

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

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

Unavailable revenues-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 as the revenue becomes available.

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

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

K. Pensions.

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

L. Long-Term Liabilities.

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

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or 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 "invested in capital assets, net of related debt."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

Government fund balance is classified as restricted, committed, 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.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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 an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned)

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

resources are available, and the amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

O. Property Tax Revenues.

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

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

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

P. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are 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 determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

Q. Compensated Absences.

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

R. Change 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 No. 68, *Accounting and Financial Reporting for Pension - an amendment of GASB Statement No. 27* ; GASB Statement No. 69, *Government Combinations and Disposal of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

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

(2) Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Governmental Activities:	
To correct capital assets	\$ 3,156
To record beginning balance of pension liability in accordance with GASB statement 68	4,294,037
Total prior period adjustments	<u>\$ 4,297,193</u>

Exhibit 2 - Statement of Activities.

Business-type Activities:	
To correct capital assets	\$ 889
To correct prior year revenue accrual	496,372
To record beginning balance of pension liability in accordance with GASB statement 68	2,685,867
Total prior period adjustments	<u>\$ 3,183,128</u>

Exhibit 6 - Statement of Revenues, Expenditures, and Changes in Fund Balances - Proprietary Funds

<u>Explanation</u>	<u>Amount</u>
To correct capital assets	\$ 889
To correct prior year revenue accrual	496,372
To record beginning balance of pension liability in accordance with GASB statement 68	2,685,867
Total prior period adjustments	<u>\$ 3,183,128</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$4,428,655 and the bank balance was \$4,876,363. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral 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 Depository 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.

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

Investments:

Investments balances at September 30, 2015 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Hancock Horizon Governmental MMF Class A	Less than One Year	\$ 1,491,425
US Treasury Notes	2 years 1 month	384,198
Qualified Obligation Bond	2 years 2 months	100
Total		<u>\$ 1,875,723</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. These investments are uninsured, unregistered and were held by the counterparty in trust accounts on behalf of the county.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bridge Fund	General	2,532
Other Governmental Funds	General	32,762
Total		<u>\$ 35,294</u>

The receivables from the General Fund to the Bridge Fund and Other Governmental Funds represent the tax revenue collected but not settled until October, 2015.

B. Transfers In/Out:

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General	<u>\$ 224,108</u>

The purpose of interfund transfers was to cover operating expenses, to disburse Reappraisal and Escrow monies.

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

(5) Intergovernmental Receivables.

Intergovernmental Receivables at September 30, 2015, consisted of the following

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 74,700
DUI Grant	3,454
Home Project Grant	54,618
Occupant protection enforcement grant	4,789
Youth Court Reimbursement	1,209
Overweight fines	745
Timber severance tax	678
Garbage fees	3,360
Motor vehicle fuel tax	43,915
Truck & bus privilege	2,535
harvest permit	1,385
Tag proportion privilege tax	12,040
Waste treatment	2,384
State aid road	4,185
	<hr/>
Total Governmental Activities	\$ 209,997
	<hr/>
Business-type Activities:	
Reimbursement for housing prisoners	\$ 246,877
	<hr/>

(6) Capital Assets.

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

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

Governmental Activities:

	Balance Oct. 1, 2014	Additions	Deletions	Transfers & Adjustments	Balance Sept.30, 2015
<u>Non Depreciable Capital Assets:</u>					
Land	\$ 192,419				192,419
Construction in progress	711,692	2,066,259		(516,482)	2,261,469
Total Non Depreciable Capital Assets	904,111	2,066,259	0	(516,482)	2,453,888
<u>Depreciable Capital Assets:</u>					
Infrastructure	8,062,564			452,371	8,514,935
Buildings	2,138,258				2,138,258
Mobile equipment	6,283,859	82,000	206,063	178,018	6,337,814
Furniture and equipment	604,932		9,468	32,331	627,795
Leased property under capital leases	653,136	99,936		(107,813)	645,259
Total depreciable capital assets	17,742,749	181,936	215,531	554,907	18,264,061
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,300,698	192,267		66,357	1,559,322
Buildings	629,357	41,399			670,756
Mobile equipment	4,293,133	274,978	185,457	10,720	4,393,374
Furniture and equipment	418,294	42,632	8,521	12,470	464,875
Leased property under capital leases	214,372	69,346		(47,966)	235,752
Total Accumulated Depreciation	6,855,854	620,622	193,978	41,581	7,324,079
Total Depreciable Capital Assets - Net	10,886,895	(438,686)	21,553	513,326	10,939,982
Governmental Activities Cap. Assets-Net	\$ 11,791,006	1,627,573	21,553	(3,156)	13,393,870

Business-type Activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept.30,2015
<u>Non Depreciable Capital Assets</u>					
<u>Depreciable Capital Assets</u>					
Buildings	\$ 4,575,063				4,575,063
Mobile equipment	117,455	28,313		(5,000)	140,768
Furniture and equipment	220,528	8,000			228,528
Total Depreciable Capital Assets	4,913,046	36,313	0	(5,000)	4,944,359
<u>Less accumulated depreciation for:</u>					
Buildings	1,464,020	91,501			1,555,521
Mobile equipment	91,843	10,669		(4,111)	98,401
Furniture and equipment	177,105	5,825			182,930
Total accumulated depreciation	1,732,968	107,995	0	(4,111)	1,836,852
Total depreciable capital assets, net	\$ 3,180,078	(71,682)	0	(889)	3,107,507

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

The building for the CMRCF is constructed on sixteenth section land that is not owned by the County.

*Adjustments are to reclassify completed construction in progress to infrastructure, to reclassify paid out lease purchases to their proper classifications and to correct prior period capital asset balances.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 66,498
Public safety	99,116
Public works	436,914
Health and welfare	7,489
Culture and Recreation	9,557
Conservation of Natural Resources	1,048
Total governmental activities depreciation expense	<u>\$ 620,622</u>
Business-type activities:	
Correctional facility	<u>\$ 107,995</u>

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
SAP-08(62)	15,348	11/16
LSBP-08(62)	5,962	02/16
BR-0709(7)B	101,463	11/16

(7) Claims and Judgments.

Risk Financing.

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

(8) Capital Leases.

As Lessor:

On 12/05/2005, Carroll County entered into a capital lease agreement with the Anel Corporation for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$49,913 per year in lease payments commencing March 2026 for a term of 20.25 years. At the end of the lease term, the Anel Corporation has the option to purchase the building for the final payment of \$19,924.

On 06/26/2012, Carroll County entered into a capital lease agreement with the Anel Corporation for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$61,412 per year in lease payments commencing June 2022 for a term of 10 years. At the end of the lease term, the Anel Corporation has the option to purchase the building

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

for the final payment of \$46,061.

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

<u>Classes of Property</u>	<u>Amount</u>
Anel Building	<u>\$ 1,280,000 *</u>

* Building listed at historical cost

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

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 87,901	23,426
2017	90,575	20,751
2018	93,329	17,996
2019	96,168	15,158
2020	99,093	12,232
2021-2025	333,183	23,857
2026-2030	19,769	155
Total	<u>\$ 820,018</u>	<u>113,575</u>

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	\$ 630,323
Other furniture and equipment	14,936
Less: Accumulated depreciation	<u>(235,752)</u>
Leased Property Under Capital Leases	<u>\$ 409,507</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	\$ 74,914	6,322
2017	188,341	3,727
2018	30,975	1,240
2019	24,799	632
2020	13,389	141
Total	<u>\$ 332,418</u>	<u>12,062</u>

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

(9) Defined Benefit Pension Plan.

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

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

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's share at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the year ended September 30, 2015, 2014 and 2013 were \$569,362, \$560,381, and \$514,020 respectively, equal to the required contribution 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 \$8,987,142 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 .058139 percent, which was an increase of .000552 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,051,145. At September 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 138,307
Net difference between projected and actual earnings on pension plan investments	525,844
Changes of assumptions	774,212
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	(54,306)
County contributions subsequent to the measurement date	141,397
Total	<u>\$ 1,525,454</u>

\$141,397 reported as deferred outflows of resources related to pension 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:

Year ending September 30:	
2016	\$ 446,981
2017	446,981
2018	358,635
2019	<u>131,461</u>
Total	<u>\$ 1,384,058</u>

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

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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with 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 estimated future real rates of return (expected nominal returns, net of pension plan investments expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period 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 table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease	Discount	1% Increase
	(6.75%)	Rate (7.75%)	(8.75%)
County's proportionate share of the net pension liability	\$ 6,614,928	\$ 8,987,143	\$ 11,845,787

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

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds: Road & Bridge Bonds, Series 2012	\$ 1,670,000	2.30/3.25%	05/27
B. Special Assessment Debt with Commitments County Road 365*	\$ 3,342	6.00%	06/18

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

C. Capital Leases:

2012 Dodge Pickup	6,009	2.05%	10/15
2011 Ford F150	1,166	2.47%	11/15
2007 Mack Dump Truck	8,141	2.47%	04/16
2012 Dodge Ram 1500	11,746	2.24%	04/17
2014 Volvo Motor Grader	147,413	1.95%	07/17
2012 F150 Crew Cab	11,073	2.24%	08/17
2005 International dump truck	15,380	2.15%	12/17
Toshiba Copier	6,475	1.90%	02/18
Konica Minolta Copier	5,033	2.20%	04/18
2005 Case backhoe	10,780	2.09%	05/18
2010 Kamatsu Excavator	64,251	2.24%	12/19
Kubota tractor and boom mower	44,951	2.45%	09/20
	<u>332,418</u>		
Total Capital Leases	<u>\$ 332,418</u>		

D. Other Loans:

CAP loan - fire protection	15,310	2.00%	06/17
CAP loan - Anel Building	374,998	3.00%	02/19
CAP loan - fire protection	67,037	3.00%	07/19
Negotiable Note	70,000	2.25%	08/20
CAP loan - Anel Building	447,095	3.00%	03/26
	<u>974,440</u>		
Total Other Loans	<u>\$ 974,440</u>		

Business-type Activities:

A. Limited Obligation Bonds:

Urban renewal refunding revenue bonds**	<u>\$ 1,320,000</u>	3.00/4.00%	12/17
---	---------------------	------------	-------

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Special Assessment Debt	
	Principal	Interest	Principal	Interest
2016	\$ 115,000	42,578	1,060	204
2017	120,000	38,840	1,133	140
2018	125,000	34,940	1,149	72
2019	130,000	30,878		
2020	130,000	27,140		
2021-2025	725,000	88,550		
2026-2029	325,000	11,269		
Total	<u>\$ 1,670,000</u>	<u>274,195</u>	<u>3,342</u>	<u>416</u>

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

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 124,901	27,119
2017	124,935	23,561
2018	117,771	24,028
2019	125,364	16,435
2020	123,905	12,739
2021-2025	336,692	23,800
2026-2029	20,872	155
Total	<u>\$ 974,440</u>	<u>127,837</u>

Business-type Activities:

<u>Year Ending September 30</u>	<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 435,000	41,455
2017	445,000	25,722
2018	440,000	8,800
Total	<u>\$ 1,320,000</u>	<u>75,977</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 then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 2.20% of the latest property assessments.

Special Assessment Debt with Commitments

- * Special assessment debt of \$9,368 was issued on June 2, 2008, to pave roads under the provisions of Section 65-19-88, Miss. Code Ann. (1972). A special assessment tax was levied against all of the benefitted property owners. The County will levy annually this special assessment tax upon all taxable property in the benefitted area of County Road 365 adequate and sufficient to provide for the payment of the principal and interest on the bonds as the same falls due over a period of ten years. The principal balance outstanding at September 30, 2015, is \$3,342.

Limited Obligation Bonds

- ** Limited obligation urban renewal revenue refunding bonds, designed as "qualified tax exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, were issued with a face value of \$3,490,000 for the purpose of refinancing limited obligation renewal bonds issued December 1, 1997, issued for the construction and equipping of the Carroll-Montgomery Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The sole source of payment for the revenue bonds is income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners.

CARROLL COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended 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
Governmental Activities:						
General obligation bonds	\$ 1,785,000		115,000		1,670,000	115,000
Special assessment debt with commitments	4,359		1,017		3,342	1,060
Capital leases	336,227	88,826	92,635		332,418	74,914
Other loans	1,010,470	70,000	106,030		974,440	124,901
Total	\$ 3,136,056	158,826	314,682	0	2,980,200	315,875
	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept.30, 2015	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 12,727	259			12,986	
Limited obligation bonds	1,735,000		415,000		1,320,000	435,000
Total	\$ 1,747,727	259	415,000	0	1,332,986	435,000

(11) Contingencies.

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

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

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Carroll County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated \$151,858 for maintenance and support of the college in fiscal year 2015.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery, and Yalobusha. The Carroll County Board of Supervisors appoints four of the 28 members of the district board of directors. The County appropriated \$17,352 for support of the district in the fiscal year 2015.

CARROLL COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 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 Carroll County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$25,000 for support of the center 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 Carroll County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County appropriated \$4,779 for the support of the district in the fiscal year 2015.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Carroll County Board of Supervisors appoints one of the 9 members of the board of commissioners. The County did not appropriate for the support of the authority in the fiscal year 2015.

(13) Subsequent Events.

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

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>
5-31-16	1.89%	\$	24,500	Capital Lease
7/22/16	1.95%	\$	35,664	Capital Lease

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,019,403	3,000,683	3,000,683	0
Licenses, commissions and other revenue	96,862	116,295	116,295	0
Fines and forfeitures	153,000	132,838	132,838	0
Charges for Services	4,200	4,656	4,656	0
Intergovernmental revenues	334,345	343,893	343,893	0
Interest income	4,200	4,773	4,773	0
Miscellaneous revenues	65,275	81,516	81,516	0
Total Revenues	<u>3,677,285</u>	<u>3,684,654</u>	<u>3,684,654</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,184,654	2,035,671	2,035,671	0
Public safety	839,570	722,583	722,583	0
Public works	15,000	15,357	15,357	0
Health and welfare	85,000	79,879	79,879	0
Culture and recreation	133,579	133,004	133,004	0
Conservation of natural resources	83,287	87,359	87,359	0
Economic development	17,352	17,352	17,352	0
Total Expenditures	<u>3,358,442</u>	<u>3,091,205</u>	<u>3,091,205</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>318,843</u>	<u>593,449</u>	<u>593,449</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	42,000	23,456	23,456	0
Other Financing Uses	<u>(290,208)</u>	<u>(224,108)</u>	<u>(224,108)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>(248,208)</u>	<u>(200,652)</u>	<u>(200,652)</u>	<u>0</u>
Net Change in Fund Balance	70,635	392,797	392,797	0
Fund Balances - Beginning	<u>1,060,000</u>	<u>1,267,842</u>	<u>1,015,270</u>	<u>252,572</u>
Fund Balances - Ending	<u><u>1,130,635</u></u>	<u><u>1,660,639</u></u>	<u><u>1,408,067</u></u>	<u><u>252,572</u></u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 130,928	133,037	133,037	0
Intergovernmental Revenues		373,523	373,523	0
Interest Income	2,600	1,137	1,137	0
Total Revenues	<u>133,528</u>	<u>507,697</u>	<u>507,697</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	275,551	703,132	703,132	0
Total Expenditures	<u>275,551</u>	<u>703,132</u>	<u>703,132</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(142,023)</u>	<u>(195,435)</u>	<u>(195,435)</u>	<u>0</u>
Net Change in Fund Balance	(142,023)	(195,435)	(195,435)	0
Fund Balances - Beginning	500,000	534,660	534,661	1
Fund Balances - Ending	<u>\$ 357,977</u>	<u>339,225</u>	<u>339,226</u>	<u>1</u>

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

Carroll County, Mississippi

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

PERS

Last 10 Fiscal Years*

	2015	2014
County's proportion of the net pension liability (asset) \$	8,987,142	7,124,013
County's proportionate share of the net pension liability (asset)	0.058139%	0.058691%
County's covered - employee payroll	3,614,997	3,557,975
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	248.61%	200.23%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

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

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

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

	2015	2014
Contractually required contribution	\$ 569,362	560,381
Contributions in relation to the contractually required contribution	569,362	560,381
Contribution deficiency (excess)	\$ -	-
County's covered - employee payroll	3,614,997	3,557,975
Contributions as a percentage of covered - employee payroll	15.75%	15.75%

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

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

CARROLL COUNTY, MISSISSIPPI

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

1 Budget

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	Bridge Fund
Budget (Cash Basis)	\$ 392,797	(195,435)
Increase (Decrease)		
Net adjustments for revenue accruals	(67,080)	(70,948)
Net adjustments for expenditure accruals	(3,226)	(17,076)
GAAP Basis	<u>\$ 322,491</u>	<u>(283,459)</u>

CARROLL COUNTY, MISSISSIPPI

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

2 Pension Schedules

A. Changes in benefit terms

None

B. Changes of assumptions.

In 2015 and later, the expectation of retire life mortality was changed to the RP-2014 Health 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 accrual experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% , respectively.

SUPPLEMENTARY INFORMATION

CARROLL COUNTY, MISSISSIPPI

Reconciliation of Operating Costs of Solid Waste

For the Year Ended September 30, 2015

OPERATING EXPENDITURES, CASH BASIS:

Salaries	\$	38,603
Solid waste pickup and disposal fees		587,704
Utilities		10,132
Supplies		<u>1,892</u>

Solid Waste Operating Expenditures, Cash Basis	\$	638,331
--	----	---------

FULL COST EXPENSES:

Indirect administrative costs	\$	7,220
Net effect of other accrued expenses		<u>50,167</u>

Solid Waste Full Cost Operating Expenditures	\$	<u><u>695,718</u></u>
--	----	-----------------------

OTHER INFORMATION

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

"Unaudited"

Position/Name	Bonding Company	Bond Number	Bond Amount	Expiration Date
BOARD OF SUPERVISORS				
Beat 1 Terry Herbert	Western Surety Company	70429656	\$ 100,000	1/7/2016
Beat 2 Lloyd "Honey" Ashmore	Fidelity	08975688	\$ 100,000	1/3/2016
Beat 3 Marvin Coward	Western Surety Company	69628183	\$ 100,000	1/5/2016
Beat 4 Claude Fluker	Western Surety Company	61205718	\$ 100,000	12/29/2015
Beat 5 Ricky Corley	Western Surety Company	70432580	\$ 100,000	1/1/2016
CHANCERY CLERK				
Stanley "Sugar" Mullins	Western Surety Company	69625781	\$ 100,000	1/5/2016
CIRCUIT CLERK				
Durward Stanton	Western Surety Company	69625815	\$ 100,000	1/3/2016
TAX ASSESSOR/COLLECTOR				
Pam Mann	Western Surety Company	61208476	\$ 100,000	1/1/2016
SHERIFF				
Jerry Carver	Western Surety Company	70429655	\$ 100,000	12/31/2015
JUSTICE COURT JUDGES				
Jimmy Avant	Western Surety Company	69628125	\$ 50,000	1/5/2016
Dorothy Branch	Western Surety Company	70196182	\$ 50,000	1/7/2016
CONSTABLES				
Joe Hollman	Western Surety Company	69627684	\$ 50,000	2/12/2015
Robert F. Banks	FCCI Insurance Group	60006676	\$ 50,000	1/2/2016
PURCHASE CLERK*				
Sherry Blaylock	Western Surety Company	61808834	\$ 75,000	10/1/2015
INVENTORY CONTROL CLERK*				
Durward Stanton	Western Surety Company	61810842	\$ 75,000	8/20/2015
RECEIVING CLERK*				
Nan Dean	Western Surety Company	61808852	\$ 75,000	10/1/2015
ASSISTANT RECEIVING CLERKS*				
Durward Stanton	Western Surety Company	69628176	\$ 50,000	12/9/2014
Dorothy Prewitt	Western Surety Company	61730303	\$ 50,000	7/1/2015
Johnny Burrell	Western Surety Company	70182615	\$ 50,000	10/16/2014
Debra Sproles	Western Surety Company	69176555	\$ 50,000	6/23/2015
Burnell Taylor	Western Surety Company	69953184	\$ 50,000	8/3/2015
Louis Green	Western Surety Company	70129327	\$ 50,000	7/3/2015
Vickie Noah	Western Surety Company	70441779	\$ 50,000	1/15/2015
Michael Haddon	Western Surety Company	69267356	\$ 50,000	12/19/2014
Ricky Shirley	Western Surety Company	69900234	\$ 50,000	4/27/2015
Mary Jane King	Western Surety Company	70432678	\$ 50,000	1/7/2015
David Alexander	Western Surety Company	70464151	\$ 50,000	2/21/2015
ASSISTANT RECEIVING CLERKS*				
Teresa Ables	Western Surety Company	70456430	\$ 50,000	2/8/2015
Alan Jackson	Western Surety Company	70549485	\$ 50,000	7/10/2015
Martha Beard	Western Surety Company	69904107	\$ 50,000	5/4/2015
Donna Luke	Western Surety Company	70769863	\$ 50,000	8/5/2015
Stephen Everett	Western Surety Company	61374526	\$ 50,000	6/1/2015

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

"Unaudited"

DEPUTY TAX ASSESSOR/COLLECTOR*

Beth Magee	Western Surety Company	70756380	\$	50,000	7/1/2015
Debra Sproles	Western Surety Company	70753475	\$	50,000	7/1/2015
Monica Jones	Western Surety Company	61801258	\$	50,000	8/7/2015
Tammy Inmon	Western Surety Company	70753456	\$	50,000	7/1/2015
Mallorie Nobles	Western Surety Company	61208435	\$	50,000	10/24/2014

JUSTICE COURT CLERK*

Mary Jane King	Western Surety Company	69145331	\$	50,000	1/7/2015
----------------	------------------------	----------	----	--------	----------

DEPUTY JUSTICE COURT CLERKS*

Miriam Dockery	Western Surety Company	61459008	\$	50,000	9/4/2015
Joy Parker	Western Surety Company	70756358	\$	50,000	7/8/2015

DEPUTY CHANCERY/CIRCUIT CLERKS*

Stanley "Sugar" Mullins	Western Surety Company	69625773	\$	50,000	1/5/2015
Brenda King	Western Surety Company	69628148	\$	50,000	1/5/2015
Marlee Golden	Western Surety Company	69192931	\$	50,000	7/9/2015
Tinesha Erve-Earnest	Western Surety Company	61466322	\$	50,000	9/12/2015
Frances Andrews	Western Surety Company	61783772	\$	50,000	8/19/2015
Rogan Jackson	Western Surety Company	62145384	\$	50,000	9/2/2015
Michelle Heath	Western Surety Company	61436834	\$	50,000	8/1/2015

* indefinite bonds renewed annually

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Carroll County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll 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 11, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency. [*Finding 2015-001*]

Compliance and Other Matters

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

Carroll County's Response to Finding

The Carroll County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Carroll County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard PC
November 11, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Carroll County, Mississippi

We have examined Carroll County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Carroll County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Carroll 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.

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

This report is intended for use in evaluating Carroll County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
November 11, 2016

Certified Public Accountants

Schedule 1

Carroll County, Mississippi

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

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

Schedule 2**Carroll County, Mississippi**
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
03-12-15	Bridge repairs	\$ 17,962	G & O Supply	Pipe replacement for bridges at County roads 211 and 39 due to heavy rains
06-08-15	Bridge repairs	\$ 12,696	Thomas Wood	Repairs at Bridge #286 due to washout conditions
06-25-15	Bridge repairs	\$ 48,000	Double S, Inc.	Repairs at Bridge #164 due to washout conditions

Schedule 3

Carroll County, Mississippi

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.

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Carroll County, Mississippi

In planning and performing our audit of the financial statements of Carroll County, Mississippi for the year ended September 30, 2015, we considered Carroll 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 Carroll 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 11, 2016, on the financial statements of Carroll County, Mississippi.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
November 11, 2016

Certified Public Accountants

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

SCHEDULE OF FINDINGS AND RESPONSES

Carroll County, Mississippi

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? No

Section II: Financial Statements Findings

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

Chancery Clerk.

Finding 2015-001

Significant Deficiency

Criteria:

An effective system of internal control includes a separation of duties.

Condition:

As reported in the last twenty-one years' audit reports, observations revealed that there is not an adequate separation of duties in the accounting functions.

Cause:

The size of the County interferes with the cost-benefit relationship in implementing separation of duties.

Effect:

Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

Recommendation:

The County should separate duties for individuals involved in receipting and disbursing funds, recording transactions and reconciling accounts.

Response:

This is a very small County and it is not economically feasible to hire additional personnel.