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GEORGE COUNTY, MISSISSIPPI

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

GEORGE COUNTY

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GEORGE COUNTY

FINANCIAL SECTION

Acklen & Story, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
George 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 George County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate

Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of George County, Mississippi, as of September 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County’s Proportionate Share of the New Pension Liability, Schedule of the County’s Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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

George 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

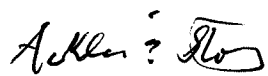
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George County, Mississippi’s basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017 on our consideration of George 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 George County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Acklen & Story". The signature is stylized with a large, looped "A" and a cursive "S".

Acklen and Story, PLLC
May 26, 2017

GEORGE COUNTY

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GEORGE COUNTY

FINANCIAL STATEMENTS

GEORGE COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 15,303,760		15,303,760
Restricted assets - cash		2,133,348	2,133,348
Property tax receivable	7,962,400		7,962,400
Accounts receivable (net of allowance for uncollectibles of \$391,614)	290,784		290,784
Fines receivable (net of allowance for uncollectibles of \$1,395,042)	537,478		537,478
Loans receivable (net of allowance for uncollectibles of \$50,000)	300,261		300,261
Intergovernmental receivables	271,291	270,085	541,376
Other receivables	8,537		8,537
Capital assets:			
Land and construction in progress	1,986,314	87,674	2,073,988
Other capital assets, net	55,328,368	5,695,949	61,024,317
Total Assets	81,989,193	8,187,056	90,176,249
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,469,230	451,108	1,920,338
Deferred amount on refunding		71,137	71,137
Total Deferred Outflows of Resources	1,469,230	522,245	1,991,475
LIABILITIES			
Claims payable	172,882	75,891	248,773
Intergovernmental payables	329,361		329,361
Accrued interest payable	27,358	29,557	56,915
Unearned revenue	3,233		3,233
Long-term liabilities			
Net pension liability	8,292,105	2,545,982	10,838,087
Due within one year:			
Capital debt	1,302,405	495,000	1,797,405
Non-capital debt	66,777		66,777
Due in more than one year:			
Capital debt	9,445,735	3,999,796	13,445,531
Non-capital debt	337,271	128,879	466,150
Total Liabilities	19,977,127	7,275,105	27,252,232
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	55,562	17,059	72,621
Deferred revenues - property taxes	7,962,400		7,962,400
Total deferred inflows of resources	8,017,962	17,059	8,035,021
NET POSITION			
Net investment in capital assets	46,566,542	1,288,827	47,855,369
Restricted for:			
Expendable:			
General government	183,928		183,928
Public safety	2,089,081	128,310	2,217,391
Public works	2,930,750		2,930,750
Health and welfare	5,358,121		5,358,121
Culture and recreation	150,673		150,673
Economic development and assistance	1,538,881		1,538,881
Unrestricted	(3,354,642)		(3,354,642)
Total Net Position	\$ 55,463,334	1,417,137	56,880,471

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

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

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,087,853	1,154,898	44,033		(2,888,922)		(2,888,922)
Public safety	2,334,408	336,501	185,058	73,345	(1,739,504)		(1,739,504)
Public works	4,722,729	618,773	761,581	176,105	(3,166,270)		(3,166,270)
Health and welfare	3,929,182		43,254	12,935	(3,872,993)		(3,872,993)
Conservation of natural resources	48,468				(48,468)		(48,468)
Economic development and assistance	25,291		10,934		(14,357)		(14,357)
Interest on long-term debt	490,175				(490,175)		(490,175)
Pension expense	967,849				(967,849)		(967,849)
Total Governmental Activities	16,605,955	2,110,172	1,044,860	262,385	(13,188,538)		(13,188,538)
Business-type activities:							
Regional Jail Fund	3,598,791	3,264,678	38,566			(295,547)	(295,547)
Total Business-type Activities	3,598,791	3,264,678	38,566	0		(295,547)	(295,547)
Total Primary Government	\$ 20,204,746	5,374,850	1,083,426	262,385	(13,188,538)	(295,547)	(13,484,085)
General revenues:							
Property taxes					\$ 7,484,039		7,484,039
Road & bridge privilege taxes					281,055		281,055
Grants and contributions not restricted to specific programs					320,643		320,643
Unrestricted gifts and donations					2,638	21,000	23,638
Unrestricted interest income					90,326	5,528	95,854
Miscellaneous					2,668,523	27,961	2,696,484
Total General Revenues					10,847,224	54,489	10,901,713
Changes in Net Position					(2,341,314)	(241,058)	(2,582,372)
Net Position - Beginning, as previously reported					64,279,158	3,463,232	67,742,390
Prior period adjustments					(6,474,510)	(1,805,037)	(8,279,547)
Net Position - Beginning, as restated					57,804,648	1,658,195	59,462,843
Net Position - Ending					\$ 55,463,334	1,417,137	56,880,471

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

GEORGE COUNTY
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds			
	General Fund	Hospital Bond Renovation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,455,664	5,345,054	6,503,042	15,303,760
Property tax receivable	3,684,950		4,277,450	7,962,400
Accounts receivable (net of allowance for uncollectibles of \$391,616)			290,784	290,784
Fines receivable (net of allowance for uncollectibles of \$1,395,042)	537,478			537,478
Loans receivable			300,261	300,261
Intergovernmental receivables	192,909		78,382	271,291
Other receivables	8,537			8,537
Due from other funds			110,582	110,582
Total Assets	\$ 7,879,538	5,345,054	11,560,501	24,785,093
LIABILITIES				
Liabilities:				
Claims payable	\$ 52,663		120,219	172,882
Intergovernmental payables	264,447			264,447
Due to other funds	175,496			175,496
Unearned revenue			3,233	3,233
Total Liabilities	\$ 492,606	0	123,452	616,058
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue - property taxes	3,684,950		4,277,450	7,962,400
Deferred revenue - accounts receivable			290,784	290,784
Deferred revenue - fines	537,478			537,478
Total deferred inflows of resources	\$ 4,222,428	0	4,568,234	8,790,662
Fund balances:				
Restricted for:				
General government			183,928	183,928
Public safety			2,051,516	2,051,516
Public works			2,930,750	2,930,750
Health and welfare		5,345,054	13,067	5,358,121
Culture and recreation			150,673	150,673
Economic development and assistance			1,538,881	1,538,881
Unassigned	3,164,504			3,164,504
Total Fund Balances	\$ 3,164,504	5,345,054	6,868,815	15,378,373
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,879,538	5,345,054	11,560,501	24,785,093

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

GEORGE COUNTY

Exhibit 3-1

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

Total fund balances for governmental funds	\$ 15,378,373
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	57,314,682
Other long-term assets are not available to pay current period expenditures and therefore are not reported in the funds	828,262
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource and therefore is not reported in the funds.	1,469,230
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds	(19,471,651)
Deferred outflows of resources related to pension are not due and payable in the current period and therefore are not reported in the funds.	<u>(55,562)</u>
Net position of governmental activities	<u>\$ 55,463,334</u>

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

GEORGE COUNTY

Exhibit 4

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

For the Year Ended September 30, 2015

	Major Funds		Other	Total
	General	Hospital Bond	Governmental	Governmental
	Fund	Renovation	Funds	Funds
		Fund		
REVENUES				
Property taxes	\$ 3,935,901		3,548,138	7,484,039
Road and bridge privilege taxes			281,055	281,055
Licenses, commissions and other revenue	410,458		24,217	434,675
Fines and forfeitures	694,545		7,731	702,276
Intergovernmental revenues	424,149		1,206,377	1,630,526
Charges for services	313,289		603,684	916,973
Interest income	19,944	24,688	45,694	90,326
Miscellaneous revenues	272,731		251,540	524,271
Total Revenues	6,071,017	24,688	5,968,436	12,064,141
EXPENDITURES				
Current:				
General government	3,221,972		579,125	3,801,097
Public safety	2,107,045		567,275	2,674,320
Public works			5,879,447	5,879,447
Health and welfare	242,700	3,707,098		3,949,798
Culture and recreation	13,591			13,591
Conservation of natural resources	50,808			50,808
Economic development and assistance	95,431			95,431
Debt service:				
Principal	19,709		1,433,957	1,453,666
Interest	1,797		88,275	90,072
Bond issue costs		393,750		393,750
Total Expenditures	5,753,053	4,100,848	8,548,079	18,401,980
Excess of Revenues over (under) Expenditures	317,964	(4,076,160)	(2,579,643)	(6,337,839)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		9,000,000	661,900	9,661,900
Proceeds from sale of capital assets	32,520		752,775	785,295
Premiums on bonds issued		420,107		420,107
Compensation for loss of capital assets	27,247		1,331,710	1,358,957
Transfers in	37,500	1,107	233,350	271,957
Transfers out	(31,107)		(240,850)	(271,957)
Total Other Financing Sources and Uses	66,160	9,421,214	2,738,885	12,226,259
Net Changes in Fund Balances	384,124	5,345,054	159,242	5,888,420
Fund Balances - Beginning, as previously reported	2,807,302	0	6,718,115	9,525,417
Prior period adjustments	(26,922)		(8,542)	(35,464)
Fund Balances - Beginning, as restated	2,780,380	0	6,709,573	9,489,953
Fund Balances - Ending	\$ 3,164,504	5,345,054	6,868,815	15,378,373

GEORGE COUNTY

Exhibit 4-1

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

Net change in fund balances - total governmental funds \$ 5,888,420

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$2,828,292 exceeded depreciation expense of \$1,355,879. 1,472,413

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 \$1,458,502 less the proceeds from the sale of \$785,295 and compensation for loss of capital assets of \$1,358,957 in the current period. (685,750)

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. 32,363

Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full - accrual basis of accounting. 23,885

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,453,666 were exceeded by and premiums of \$420,107 and debt proceeds of \$9,661,900. (8,628,341)

Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period (967,849)
Recording retirement contributions made during the fiscal year:
Before the measurement date 386,353
Subsequent to the measurement date 142,105

Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences 1,440
Increase in accrued interest payable (27,358)
Amortization of premiums 21,005

Change in net position of governmental activities (2,341,314)

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

GEORGE COUNTY
Statement of Net Position - Proprietary Funds
September 30, 2015

Exhibit 5

	Business-type Activities Enterprise Fund Regional Jail Fund
ASSETS	
Current assets:	
Restricted assets - cash	\$ 2,133,348
Intergovernmental receivables	270,085
Total Current Assets	<u>2,403,433</u>
Noncurrent assets:	
Land and construction in progress	87,674
Other capital assets, net	5,695,949
Total Noncurrent Assets	<u>5,783,623</u>
Total Assets	<u>8,187,056</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	451,108
Deferred amount on refunding	71,137
Total Deferred Outflows of Resources	<u>522,245</u>
LIABILITIES	
Current liabilities:	
Claims payable	75,891
Accrued interest payable	29,557
Other long-term liabilities	495,000
Total Current Liabilities	<u>600,448</u>
Noncurrent liabilities:	
Net Pension Liability	2,545,982
Capital debt:	
Equipment notes payable	
Capital leases payable	
Other long-term liabilities	3,999,796
Non-capital debt:	
Compensated absences payable	128,879
Total Noncurrent Liabilities	<u>6,674,657</u>
Total Liabilities	<u>7,275,105</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	17,059
Total Deferred Inflows of Resources	<u>17,059</u>
NET POSITION	
Net investment in capital assets	1,288,827
Restricted for:	
Public safety	128,310
Total Net Position	<u>\$ 1,417,137</u>

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

GEORGE COUNTY

Exhibit 6

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

		Business-type Activities Enterprise Fund Regional Jail Fund
Operating Revenues		
Charges for services	\$	3,264,678
Miscellaneous		27,961
Total Operating Revenues		3,292,639
Operating Expenses		
Personal services		1,745,053
Contractual services		592,007
Materials and supplies		602,998
Depreciation expense		154,063
Pension expense		297,165
Total Operating Expenses		3,391,286
Operating Income (Loss)		(98,647)
Nonoperating Revenues (Expenses)		
Interest income		5,528
Intergovernmental grants		38,566
Gifts and donations		21,000
Interest expense		(207,505)
Net Nonoperating Revenue (Expenses)		(142,411)
Changes in Net Position		(241,058)
Net Position - Beginning, as previously reported		3,463,232
Prior period adjustments		(1,805,037)
Net Position - Beginning, as restated		1,658,195
Net Position - Ending	\$	1,417,137

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

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

Exhibit 7

	Business-type Activities - Enterprise Funds Regional Jail Fund
Cash Flows From Operating Activities	
Receipts from customers	3,277,576
Payments to suppliers	(1,113,946)
Payments to employees	(1,935,288)
Other operating cash receipts	27,961
Net Cash Provided (Used) by Operating Activities	256,303
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	38,566
Cash received from gifts and donations	21,000
Operating transfers in	592,295
Cash paid to other funds:	
Operating transfers out	(545,961)
Net Cash Provided (Used) by Noncapital Financing Activities	105,900
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(4,955)
Principal paid on long-term debt	(475,000)
Interest paid on debt	(197,734)
Net Cash Provided (Used) by Capital and Related Financing Activities	(677,689)
Cash Flows From Investing Activities	
Interest on deposits	5,529
Net Cash Provided (Used) by Investing Activities	5,529
Net Increase (Decrease) in Cash and Cash Equivalents	(309,957)
Cash and Cash Equivalents at Beginning of Year	2,443,305
Cash and Cash Equivalents at End of Year	2,133,348
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	(98,647)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	154,063
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	12,898
(Increase) decrease in deferred outflow - Pensions	(407,670)
Increase (decrease) in claims payable	52,146
Increase (decrease) in compensated absences liability	934
Increase (decrease) in net pension liability	525,520
Increase (decrease) in deferred inflow - Pensions	17,059
Total Adjustments	354,950
Net Cash Provided (Used) by Operating Activities	256,303

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

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

Exhibit 8

	Agency Funds
	<u> </u>
ASSETS	
Cash and investments	\$ 311,612
Due from other funds	<u>64,914</u>
Total Assets	\$ <u><u>376,526</u></u>
 LIABILITIES	
Intergovernmental payables	\$ <u>376,526</u>
Total Liabilities	\$ <u><u>376,526</u></u>

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

GEORGE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- George Regional Hospital

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

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

B. Individual Component Unit Disclosures

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.

George County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972), which allows counties to enter into lease agreements with any corporation. The corporation's three-member board of directors is appointed by the Board of Supervisors. The corporation produces a financial benefit through its ability to finance the construction, acquisition, and renovation of capital facilities for the primary government and imposes a financial burden on the primary government by obligation funds to repay the debt pursuant to a lease agreement.

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.

GEORGE COUNTY

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

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 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, 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 Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

GEORGE COUNTY

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

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.

Hospital Renovation Fund - This fund is used to account for and report all financial resources related to the hospital renovation project.

The County reports the following major Enterprise Fund:

Regional Jail Fund – This fund is used to account for monies from inmate housing agreement income with the Mississippi Department of Corrections for housing state prisoners

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.

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 Funds - These funds are used to account for those 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 TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

GEORGE COUNTY

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first. Certain proceeds of the County's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue fund" is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of the trust agreement. The "depreciation and operating reserve" fund is used to pay the cost of major repairs and replacements to the correctional facility the costs of which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The "general" account is used to accumulate funds to pay the principal and interest payments due on the County's enterprise fund revenue bonds. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operating that could adversely affect debt service payments. The "regional jail construction" fund is used to pay the costs of major repairs and replacements to the correctional facility as well as to pay operating and maintenance expense when other funds are insufficient to pay these expenses within established limitations.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs 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. George 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

GEORGE COUNTY

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

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.

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

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

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

K. Deferred Outflows/Inflows of Resources:

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

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

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

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

GEORGE COUNTY

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

L. Pensions.

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

M. Long-term Liabilities.

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

In the government-wide financial statements 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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

GEORGE COUNTY

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

policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues:

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility 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

GEORGE COUNTY

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

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

Q. Compensated Absences.

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

R. Changes in Accounting Standards.

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

(2) Prior Period Adjustments.

A summary of the significant fund equity adjustments is as follows:

Exhibit 2 – Statement of Activities.

Explanation	Governmental Activities	Business-type Activities
To implemet GASB 68 and GASB 71	\$ (6,439,046)	\$ (1,977,024)
To correct prior years errors in recording revenues/expenditures	(35,464)	171,987
Total prior period adjustments	\$ (6,474,510)	\$ (1,805,037)

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	General Fund	Other Governmental Funds
To correct prior years errors in recording revenues/expenditures	\$ (26,922)	\$ (8,542)

GEORGE COUNTY

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

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

<u>Explanation</u>	<u>Amount</u>
To implement GASB 68 and GASB 71	\$ (1,977,024)
To correct prior years errors in recording revenues/expenditures	<u>171,987</u>
Total prior period adjustments	\$ <u>(1,805,037)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$17,748,720, and the bank balance was \$18,190,947. 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 pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. In the event of failure of a financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. 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.

(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>
Other Governmental Funds	General Fund	\$ 110,582
Agency Funds	General Fund	<u>64,914</u>
Total		\$ <u>175,496</u>

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

GEORGE COUNTY

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

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 37,500
Hospital Renovation Fund	General Fund	1,107
Other Governmental Funds	General Fund	30,000
Other Governmental Funds	Other Governmental Funds	203,350
Total		\$ 271,957

All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 155,344
Commercial radio services	28,745
MDOC housing	8,820
Reimbursement - Pat Harrison	70,000
Alcohol open container requiriements	8,382
Total Governmental Activities	\$ 271,291
Business-type Activities:	
MDOC - Lucedale - Inmate Housing	\$ 229,163
City of Lucedale - Inmate Housing	4,660
Greene County - Inmate Housing	5,050
George County - Inmate Housing	31,212
Total Business-type Activities	\$ 270,085

GEORGE COUNTY

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

(6) Loans Receivable.

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

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
George County Hospital*	10/26/1992	0.00%		\$ 50,000
Freight rail service loan	10/06/2003	1.00%		<u>300,261</u>
Total				350,261
Less: Allowance for doubtful accounts				<u>(50,000)</u>
Total, Net of allowance for doubtful accounts				\$ <u><u>300,261</u></u>

*The George County Hospital loan receivable was determined to be uncollectible in fiscal year 1996.

(7) Restricted Assets.

The balances of the restricted asset accounts in the enterprise funds are as follows:

Regional jail construction fund	\$ 863,309
Regional jail expansion fund	289,966
Debt Service reserve fund	408,406
Debt Service reserve fund II	131,000
Depreciation and operating reserve fund	225,545
Bond fund interest account	<u>215,122</u>
Total restricted assets	\$ <u><u>2,133,348</u></u>

GEORGE COUNTY

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

(8) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments *	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,011,971.00	-	25,657.00	-	1,986,314
Construction in progress					-
Total non-depreciable capital assets	2,011,971	-	25,657	-	1,986,314
<u>Depreciable capital assets:</u>					
Infrastructure	109,731,897	1,280,528			111,012,425
Buildings	10,221,718				10,221,718
Improvements other than buildings	147,308				147,308
Mobile equipment	10,930,079	818,949	995,457		10,753,571
Furniture and equipment	778,161	116,915	24,651		870,425
Leased property under capital leases	1,584,239	611,900			2,196,139
Total depreciable capital assets	133,393,402	2,828,292	1,020,108	-	135,201,586
<u>Less accumulated depreciated for:</u>					
Infrastructure	67,233,605	652,618			67,886,223
Buildings	1,843,862	69,047			1,912,909
Improvements other than buildings	32,646	10,574			43,220
Mobile equipment	8,731,320	474,667	343,608		8,862,379
Furniture and equipment	614,110	50,755	16,407		648,458
Leased property under capital leases	421,811	98,218			520,029
Total accumulated depreciation	78,877,354	1,355,879	360,015	-	79,873,218
Total depreciable capital assets, net	54,516,048	1,472,413	660,093	-	55,328,368
Governmental activities capital assets, net	\$ 56,528,019	1,472,413	685,750	-	57,314,682

GEORGE COUNTY

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

Business-type activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments *	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 87,674	-	-	-	87,674
Total non-depreciable capital assets	87,674	-	-	-	87,674
<u>Depreciable capital assets:</u>					
Buildings	7,415,772				7,415,772
Improvements other than buildings	130,000				130,000
Mobile equipment	75,996				75,996
Furniture and equipment	139,099				139,099
Total depreciable capital assets	7,760,867	-	-	-	7,760,867
<u>Less accumulated depreciated for:</u>					
Buildings	1,720,368	148,319			1,868,687
Improvements other than buildings	26,000				26,000
Mobile equipment	68,396				68,396
Furniture and equipment	96,091	5,744			101,835
Total accumulated depreciation	1,910,855	154,063	-	-	2,064,918
Total depreciable capital assets, net	5,850,012	(154,063)	-	-	5,695,949
Business-type activities capital assets, net	\$ 5,937,686	(154,063)	-	-	5,783,623

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 79,020
Public safety	189,216
Public works	1,082,729
Culture and recreation	4,914
Total governmental activities depreciation expense	\$ 1,355,879

	Amount
Business-type activities:	
Correctional facility	\$ 154,063

(9) Claims and Judgments.

Risk Financing.

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

GEORGE COUNTY

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

- (10) experience of all the entities it insures.
Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,196,139
Less: Accumulated depreciation	<u>(520,029)</u>
Leased Property Under Capital Leases	\$ <u>1,676,110</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	\$ 708,744	12,160
2017	47,638	2,345
2018	79,108	771
2019	<u>7,586</u>	<u>85</u>
Total	\$ <u>843,076</u>	<u>15,361</u>

- (11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. George 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

GEORGE COUNTY

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

creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$690,714, \$684,222 and \$648,118, respectively, equal to the required contributions for each year.

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

At September 30, 2015, liabilities were reported in the Governmental Activities in the amount of \$8,292,105 and the Business Type Activities in the amount of \$2,545,982 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 .070113 percent, which was a decrease of .0008 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Governmental Activities and the Business Type Activities recognized pension expense of \$967,849 and 297,165 respectively. At September 30, 2015, the Governmental Activities and the Business Type Activities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 127,611	-
Net difference between projected and actual earnings on pension plan investments	485,177	-
Changes of assumptions	714,337	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-	55,562
County contributions subsequent to the measurement date	142,105	-
Total	\$ 1,469,230	55,562

GEORGE COUNTY

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type Activities:		
Differences between expected and actual experience	\$ 39,181	-
Net difference between projected and actual earnings on pension plan investments	148,967	-
Changes of assumptions	219,328	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-	17,059
County contributions subsequent to the measurement date	43,632	-
Total	\$ 451,108	17,059

Deferred outflows of resources reported in the Governmental Activities, in the amount of 142,105 and Business Type Activities, in the amount of \$43,632 are related to pensions resulting from County contributions subsequent to the measurement date. These 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	\$ 536,417
2017	536,417
2018	430,610
2019	158,536

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

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

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

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.

GEORGE COUNTY

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

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

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

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

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

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 14,285,592	10,838,087	7,977,303

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

GEORGE COUNTY

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

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Special Obligation Bonds, MDB, Series 2014A	\$ 7,950,000	3.00-5.00%	09/2034
Special Obligation Bonds, MDB, Series 2014B	<u>740,000</u>	1.75-2.65%	09/2020
Total General Obligation Bonds	<u>\$ 8,690,000</u>		
B. Capital Leases:			
Dodge Ram (Sheriff)	\$ 6,782	1.83%	07/2016
District 4 Caterpillar Motor Grader	151,637	2.11%	04/2016
District 4 2013 Freightliner Dump Truck	10,208	2.09%	01/2016
District 3 Ford F-450	29,420	2.08%	09/2019
District 1 CAT 12H motor grader	102,929	2.14%	01/2018
District 1 Caterpillar Wheel Loader	50,000	1.94%	08/2018
District 1 John Deere Tractors	206,100	1.39%	08/2016
District 2 John Deere Tractors	143,000	1.39%	08/2016
District 4 John Deere Tractors	<u>143,000</u>	1.39%	08/2016
Total Capital Leases	<u>\$ 843,076</u>		
C. Other Loans:			
Multi-Purpose Building Loan	\$ 46,162	3.00%	07/2019
Freight Rail Service Revolving MDA Loan	302,765	1.00%	03/2020
Singing River Loan #1 (Land)	600,000	0.00%	06/2018
Singing River Loan #2 (Land)	<u>169,800</u>	1.00%	08/2018
Total Other Loans	<u>\$ 1,118,727</u>		
Business-Type Activities:			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2008	<u>\$ 1,875,000</u>	4.00-5.50%	12/2028
B. Limited Obligation Bonds:			
Urban Renewal Revenue Refunding Bond, Series 2011	<u>\$ 2,610,000</u>	2.50-4.25%	04/2021

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$4,065,000 in limited obligation urban renewal revenue bonds issued in March 24, 2011. Proceeds from the bonds provided financing for the construction of the George County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the

GEORGE COUNTY

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

County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through First National Bank of Clarksdale.

Annual principal and interest payments on the bonds are expected to require less than 12.15% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,986,707. Principal and interest paid for the current year and total inmate housing net revenues were \$491,481 and \$3,264,678, respectively.

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		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 325,000	328,295	335,438	5,660
2017	335,000	318,445	336,468	5,206
2018	345,000	308,308	337,536	4,739
2019	355,000	296,533	77,678	782
2020	370,000	284,357	31,607	72
2021 - 2025	2,075,000	1,183,850	-	-
2026 - 2030	2,485,000	769,200	-	-
2031 - 2035	2,400,000	213,500	-	-
Total	\$ 8,690,000	3,702,488	1,118,727	16,459

Business-type Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 95,000	82,494	400,000	100,081
2017	100,000	77,619	410,000	88,081
2018	105,000	72,494	430,000	73,731
2019	110,000	67,119	445,000	56,533
2020	115,000	62,069	465,000	38,731
2021 - 2025	680,000	228,273	460,000	19,550
2026 - 2030	670,000	62,097	-	-
Total	\$ 1,875,000	652,165	2,610,000	376,707

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 2.76% of the latest property assessments.

GEORGE COUNTY

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

Current Hospital Refunding - On December 23, 2014, the County refunded certain obligations of the hospital. The funds were provided through the issuance of Special Obligation Bonds Series 2014A, in the amount of \$8,120,000, and Special Obligation Bonds Series 2014B, in the amount of \$880,000 refunding bonds with an average interest rate of 2.2% to refund \$3,492,089 of the following outstanding bond issues:

Issue	Average Interest Rate	Outstanding Amount Refunded
Limited Tax Bonds Series 2012A	3.40%	\$ 2,656,674
Limited Tax Bonds Series 2012B	5.08%	835,415

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:						
Compensated absences	\$ 102,723	-	1,440	-	101,283	-
General obligation bonds		9,000,000	310,000		8,690,000	325,000
Add:						
Premiums		420,107	21,005		399,102	
Capital leases	989,652	661,900	808,476		843,076	708,744
Other loans	1,453,917	-	335,190	-	1,118,727	335,438
Total	\$ 2,546,292	10,082,007	1,476,111	-	11,152,188	1,369,182

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Amount due within one year
Business-type Activities:						
Compensated absences	\$ 127,945	934	-	-	128,879	-
General obligation bonds	1,970,000		95,000		1,875,000	95,000
Limited obligation bonds	2,990,000		380,000		2,610,000	400,000
Add:						
Premiums	11,716	-	1,920	-	9,796	-
Total	\$ 5,099,661	934	476,920	-	4,623,675	495,000

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road Construction & Maintenance Fund, Solid Waste Fund, and for Business-type activities the Regional Jail Fund.

(13) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor

GEORGE COUNTY

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

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.

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Region 14 Singing River Mental Health/Mental Retardation Center operates in a district composed of Counties of George and Jackson. The George County Board of Supervisors appoints one of the two members of the board of commissioners. The County appropriated \$53,000 for support of the center in the fiscal year 2015.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The George County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated \$25,000 for support of the district in fiscal year 2015.

Mississippi Gulf Coast Community College operates in a district composed of the Counties of George, Harrison, Jackson, and Stone. The college's board of trustees is composed of 23 members; three each appointed by George and Stone Counties, eight each appointed by Harrison and Jackson Counties, and one appointed at large. The County appropriated \$610,759 for maintenance and support of the college in fiscal year 2015.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The governing body is a 15 member board of commissioners; one appointed by the Board of Supervisors of each of member Counties and one appointed at large. The Counties generally provide no financial support to the organization. Gulf Coast Community Action Agency operates in the Counties of George, Greene, Hancock, and Harrison. The agency's board is composed of 24 members; one each appointed by the Counties of George, Greene, Hancock and Harrison, and the cities of Bay St. Louise, Biloxi, Gulfport, and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants, and member governments provide only a modest amount of financial support when the grants require matching funds.

Regional Railroad Authority of East Mississippi was created in September 2009, jointly with George County, Clarke County, Greene County, Jackson County, Lauderdale County, and Wayne County to compliment and support the existing railroads presently operating in East Mississippi. Each County appoints five commissioners to the Board of Commissioners of the Authority. Additionally, each municipality in any of these Counties through which a railroad runs shall appoint one commissioner. The Counties generally provided no support to the Authority in 2015.

(15) 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 George County evaluated the activity of the County through May 26, 2017, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

GEORGE COUNTY

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

Subsequent to September 30, 2015, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
4/6/2016	1.94%	144,746	Capital Lease	Tax revenue
10/21/2016	1.4400%	153,800	Capital Lease	Tax revenue
10/21/2016	1.4400%	153,800	Capital Lease	Tax revenue
10/21/2016	1.4400%	218,400	Capital Lease	Tax revenue
01/10/2017	2.0500%	93,700	Capital Lease	Tax revenue

GEORGE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 4,131,400	\$ 4,435,475	\$ 4,435,475	\$ -
Licenses, commissions and other revenue	367,000	383,629	383,629	-
Fines and forfeitures	500,000	566,878	566,878	-
Intergovernmental revenues	455,000	469,577	469,577	-
Charges for services	878,100	907,004	907,004	-
Interest income	22,450	30,006	30,006	-
Miscellaneous revenues	76,050	272,727	272,727	-
Total Revenues	<u>6,430,000</u>	<u>7,065,296</u>	<u>7,065,296</u>	<u>-</u>
Expenditures by Major Budgetary Function				
General government	4,761,500	2,882,958	2,882,958	-
Public safety	2,107,000	2,115,592	2,115,592	-
Public works	2,030,000	981,843	981,843	-
Health and welfare	254,000	242,769	242,769	-
Culture and recreation	38,000			-
Education		27,227	27,227	-
Conservation of natural resources	54,500	51,585	51,585	-
Economic development and assistance	95,000	95,032	95,032	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>9,340,000</u>	<u>6,397,006</u>	<u>6,397,006</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(2,910,000)</u>	<u>668,290</u>	<u>668,290</u>	<u>-</u>
Other Financing Sources (Uses)				
Other financing sources	40,000	157,000	157,000	-
Other financing uses	<u>(260,000)</u>	<u>(181,632)</u>	<u>(181,632)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(220,000)</u>	<u>(24,632)</u>	<u>(24,632)</u>	<u>-</u>
Net Change in Fund Balance	(3,130,000)	643,658	643,658	-
Fund Balances - Beginning	<u>3,130,000</u>	<u>3,815,159</u>	<u>3,815,159</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 4,458,817</u>	<u>\$ 4,458,817</u>	<u>\$ -</u>

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

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

	2015	2014
County's proportion of the net pension liability (asset)	0.070113%	0.070859%
County's proportionate share of the net pension liability (asset)	\$ 10,838,087	8,600,985
County's covered-employee payroll	\$ 4,385,485	4,344,269
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.14%	197.98%
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 June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

	<u>2015</u>
Contractually required contribution	\$ 690,714
Contributions in relation to the contractually required contribution	<u>690,714</u>
Contribution deficiency (excess)	\$ <u>-</u>
County's covered-employee payroll	\$ 4,385,485
Contributions as a percentage of covered-employee payroll	15.75%

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

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

GEORGE COUNTY

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

UNAUDITED

Budgetary Comparison Schedule

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 supplemental information.

C. Budget/GAAP Reconciliation.

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

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

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

GEORGE COUNTY

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

UNAUDITED

	<u>Governmental Fund Types</u>
	<u>General</u>
	<u>Fund</u>
Budget (Cash Basis)	\$ 643,658
Increase (Decrease)	
Net adjustments for revenue accruals	(994,279)
Net adjustments for expenditure accruals	643,953
To record excess of revenues and other sources over (under) expenditures and other uses for nonbudgeted funds	<u>90,792</u>
GAAP Basis	<u>\$ 384,124</u>

Pension Schedules

A. Changes in benefit terms

None.

B. Changes of assumptions

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

GEORGE COUNTY

SUPPLEMENTARY INFORMATION

GEORGE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2015

Operating Expenditures, Cash Basis:

Salaries	\$	338,156
Expendable Commodities:		
Gasoline and petroleum products		113,977
Repair parts		15,470
Office, field and shop supplies		34
Tires		18,652
Food for prisoners		12,345
Professional fees, legal, advertising and other fees		289,264
Postage and box rent		8,230
Telephone and utilities		<u>3,891</u>
Solid Waste Cash Basis Operating Expenditures		800,019
Full Cost Expenses:		
Indirect administrative costs		43,333
Depreciation on equipment		<u>69,999</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>913,351</u></u>

GEORGE COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Fred Croom	Supervisor District 1	Western Surety Company	\$100,000
Kelly Wright	Supervisor District 2	Western Surety Company	\$100,000
Larry D. McDonald	Supervisor District 3	Western Surety Company	\$100,000
Larry Havard	Supervisor District 4	Western Surety Company	\$100,000
Henry Cochran	Supervisor District 5	Western Surety Company	\$100,000
Cammie Brannan Byrd	Chancery Clerk	Western Surety Company	\$100,000
Nancy Smith	Receiving Clerk	Western Surety Company	\$75,000
Angela Ludgood	Receiving Clerk	Western Surety Company	\$75,000
William E. Davis	Receiving Clerk	Western Surety Company	\$75,000
James Shoemaker	Receiving Clerk	Western Surety Company	\$75,000
Amye Havens	Inventory Control Clerk	Western Surety Company	\$75,000
Jerry Havard II	Constable	Western Surety Company	\$50,000
Glen Jackie Rogers	Constable	Western Surety Company	\$50,000
Chad Welford	Circuit Clerk	Western Surety Company	\$100,000
Selina E. Holifield	Deputy Circuit Clerk	Western Surety Company	\$50,000
Kimberly Davis	Deputy Circuit Clerk	Western Surety Company	\$50,000
Virgie Holland	Deputy Circuit Clerk	Western Surety Company	\$50,000
Keith Havard	Sheriff	Western Surety Company	\$100,000
Bobby Daffin	Sheriff's Deputy	Western Surety Company	\$50,000
Brian Howard	Sheriff's Deputy	Western Surety Company	\$50,000
Charles H Davis	Sheriff's Deputy	Western Surety Company	\$50,000
Chris Sullivan	Sheriff's Deputy	Western Surety Company	\$50,000
David Ray	Sheriff's Deputy	Western Surety Company	\$50,000
Dayton Rouse	Sheriff's Deputy	Western Surety Company	\$50,000
Deanna Diaz	Sheriff's Deputy	Western Surety Company	\$50,000
Dominique Tanner	Sheriff's Deputy	Western Surety Company	\$50,000
Doug McCarthur	Sheriff's Deputy	Western Surety Company	\$50,000
Doug McCarthur	Sheriff's Deputy	Western Surety Company	\$50,000
Drew Downing	Sheriff's Deputy	Western Surety Company	\$50,000
Duane Bowlin	Sheriff's Deputy	Western Surety Company	\$50,000
Ed Vise	Sheriff's Deputy	Western Surety Company	\$50,000
Eric Reilly	Sheriff's Deputy	Western Surety Company	\$50,000
Erik Harlow	Sheriff's Deputy	Western Surety Company	\$50,000
Fred Pactow	Sheriff's Deputy	Western Surety Company	\$50,000
George Kalasountas	Sheriff's Deputy	Western Surety Company	\$50,000
Hendrix Brentz	Sheriff's Deputy	Western Surety Company	\$50,000
Jason Pharez	Sheriff's Deputy	Western Surety Company	\$50,000
Jeremy Jackson	Sheriff's Deputy	Western Surety Company	\$50,000
John Morosky	Sheriff's Deputy	Western Surety Company	\$50,000
Joseph Savage	Sheriff's Deputy	Western Surety Company	\$50,000

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

Name	Position	Company	Bond
Larry Havard	Sheriff's Deputy	Western Surety Company	\$50,000
Lisa Finlay	Sheriff's Deputy	Western Surety Company	\$50,000
P.S. Garner	Sheriff's Deputy	Western Surety Company	\$50,000
Perry Fairley	Sheriff's Deputy	Western Surety Company	\$50,000
Robert Brown	Sheriff's Deputy	Western Surety Company	\$50,000
Ronnie Castille	Sheriff's Deputy	Western Surety Company	\$50,000
Ronnie Thomas	Sheriff's Deputy	Western Surety Company	\$50,000
Shaun Jodon	Sheriff's Deputy	Western Surety Company	\$50,000
Steve Packer	Sheriff's Deputy	Western Surety Company	\$50,000
Tim Howard	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Audry Havard	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Cory Dickerson	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Gary Keith Cochran	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Jeffery Erkhart	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Kenneth Braswell	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Logan Merrit	Sheriff's Deputy	Western Surety Company	\$50,000
Reserve - Nickelas Box	Sheriff's Deputy	Western Surety Company	\$50,000
Norman Howell	Justice Court Judge	Western Surety Company	\$50,000
Jessie Underwood	Justice Court Judge	Western Surety Company	\$50,000
Sandra Tanner	Justice Court Clerk	Western Surety Company	\$50,000
Margaret Fallon	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Cynthia Busby	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Nancy E. Shephard	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Loretta Musgrove	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Vincent Edward Carlisle	Tax Assessor-Collector	Western Surety Company	\$100,000
Bambi Lynn Clark	Deputy Tax Assessor	Western Surety Company	\$10,000
Corleen Nix	Deputy Tax Assessor	Western Surety Company	\$10,000
Penny L. Anderson	Deputy Tax Assessor	Western Surety Company	\$10,000
Allison Senn	Deputy Tax Assessor	Western Surety Company	\$10,000
Annette L. Webb	Deputy Tax Assessor	Western Surety Company	\$10,000
Loretta Musgrove (now at Justice Court)	Deputy Tax Assessor	Western Surety Company	\$10,000
Savanna Delaine Osborne	Deputy Tax Assessor	Western Surety Company	\$10,000
Lena Jordan	Deputy Tax Assessor	Western Surety Company	\$10,000

GEORGE COUNTY

SPECIAL REPORTS

Acklen & Story, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
George 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 George County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 26, 2017. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered George County, Mississippi'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 George County, Mississippi'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.

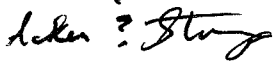
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2015-001 and 2015-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether George 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*.

Purpose of this Report

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



Acklen & Story, PLLC
May 26, 2017

Acklen & Story, PLLC

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
George County, Mississippi

We have examined George 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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of George 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.

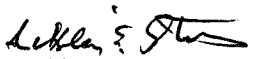
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we 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 George 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, George County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

This report is intended for use in evaluating George 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.


Acklen & Story, PLLC
May 26, 2017

GEORGE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2015

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

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

Schedule 2

Our tests did not identify any emergency purchases.

GEORGE COUNTY

Schedule 3

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

Our tests did not identify any purchases made noncompetively from a sole source.

Acklen & Story, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

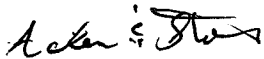
Members of the Board of Supervisors
George County, Mississippi

In planning and performing our audit of the financial statements of George County, Mississippi for the year ended September 30, 2015, we considered George 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 George 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 May 26, 2017, on the financial statements of George 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.



Acklen & Story, PLLC
May 26, 2017

GEORGE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:
- | | |
|--|------------|
| Governmental activities | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Hospital Bond Renovation Fund | Unmodified |
| Regional Jail Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
2. Internal control over financial reporting:
- | | |
|---------------------------------------|---------------|
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None Reported |
3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

- 2015-001. Financial data for component units should be included in the financial statements.

Finding

Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data for the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for the County's legally separate component unit. As reported in the prior seven years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on its discretely presented component unit.

Recommendation

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

Board of Supervisors' Response

The Board of Supervisors did not find it financially feasible to provide the financial data for the George Regional Hospital for inclusion in the County's financial statements.

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

Sheriff.

Material Weakness

2015-002. Adequate segregation of duties should exist between the cash receipts and billing functions at the correctional facility.

Finding

An effective system of internal control should include an adequate segregation of duties. The correctional facility billing and cash receipts functions are not adequately segregated for effective internal control. A single employee prepares the billing for various agencies and receives the funds. Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation

The Sheriff should ensure that adequate segregation of duties exists between the cash receipts and billing functions.

Sheriff's Response

Effective April 1 Greene County and Lucedale Police Departments were asked to make payments directly to the comptroller for processing. In the event checks are received at the jail, another designated employee will take the check to the comptroller for processing.