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PANOLA COUNTY, MISSISSIPPI  
AUDITED FINANCIAL STATEMENTS  
AND SPECIAL REPORTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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PANOLA COUNTY, MISSISSIPPI

FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Panola County  
Batesville, 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 Panola 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 Units**

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units 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 Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Panola 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 Panola 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 Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola County, Mississippi's basic financial statements.

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 December 2, 2016, on our consideration of Panola 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 Panola County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "The Dwight H. Young Group". The signature is written in dark ink and is positioned above a horizontal line.

Oxford, Mississippi  
December 2, 2016

PANOLA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

**INTRODUCTION**

The discussion and analysis of Panola County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2015. The intent of this disclosure and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

Panola County is located in northwest Mississippi. The population, according to the current census, is currently estimated at 34,444. The local economic base is driven by manufacturing plants.

**FINANCIAL HIGHLIGHTS**

Panola County is financially strong. The Panola County Board of Supervisors has committed itself to financial excellence by using sound financial planning, budgeting and strong internal controls.

Panola County continues to show excellent growth economically and the population remains stable. Strong growth has allowed the County to meet its financial obligations.

Total net position decreased \$ 12,576,316, which represents a 21.00% decrease from the prior fiscal year. The County's ending cash balance decreased by \$3,006, which represents a 1.70% decrease from the prior fiscal year.

The County had \$22,566,556 in total revenues, which represents a \$2,853,013 or 11.22% decrease from the prior fiscal year. Property tax revenues account for \$13,207,749 or 3.21% of total revenues.

The County had \$21,762,780 in total expenses, which represents a decrease of \$1,655,055 or 7.07% decrease from the prior fiscal year.

Among major funds, the General Fund had \$11,460,494 in revenues and \$11,272,868 in expenditures. The ending cash balance for the General Fund increased \$832,168 or 9.58% from the prior fiscal year. The

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

Countywide Road Fund had \$4,287,788 in revenues and \$4,471,061 in expenditures. The Countywide Road Fund's ending cash balance decreased \$141,987 or 6.77% from the prior fiscal year. The Bridge Fund had \$1,815,354 in revenues and \$1,829,310 in expenditures. The Bridge and Culvert Fund's cash balance increased \$249,112 or 9.29% from the prior year.

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

**Figure 1-Required Components of the County's Annual Report**

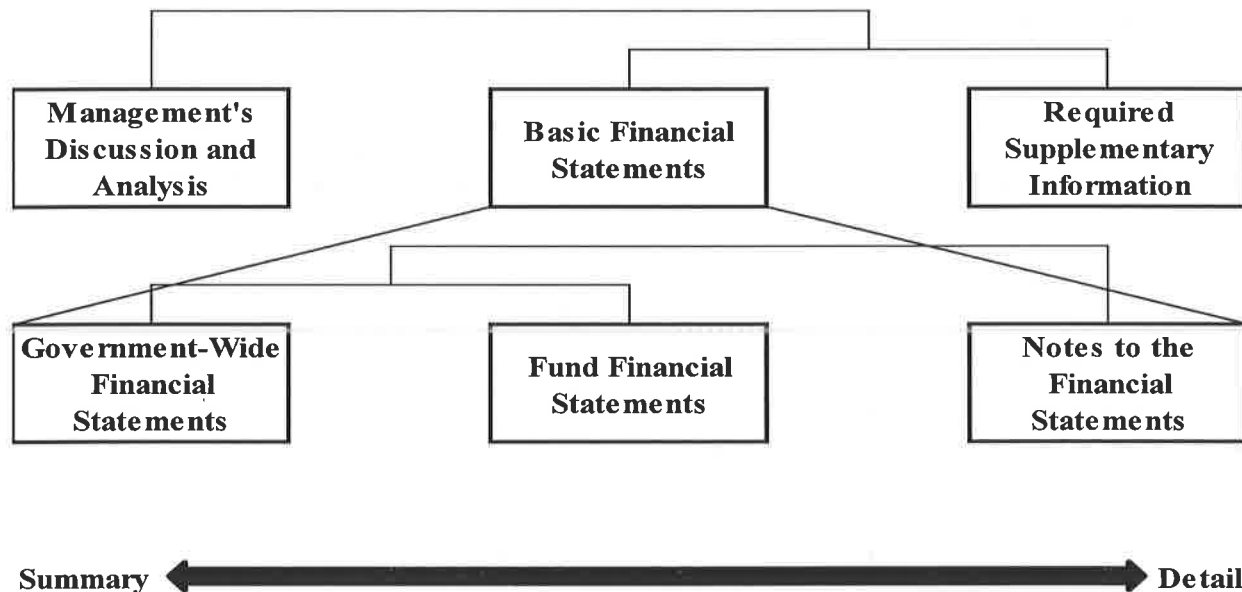


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of the Management's Discussion and Analysis explains the structure and content of each of the statements.

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

Figure 2-Major Features of the County's Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County Government (except fiduciary funds) and Component Units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Revenues, Expenses and Changes in Net Position</li> <li>Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Fiduciary Assets and Liabilities</li> </ul>
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resources Focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital and Short and Long Term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of Inflow/Outflow Information	All Revenues and Expenses During Year, Regardless of when Cash is Received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector businesses.

The **Statement of Net Position** presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; and interest on long-term debt. The business-type activities of the County include solid waste collection.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of



PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service and capital projects funds.

The focus of governmental funds is narrower than that of the government-wide financial statements, to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements is useful. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds in accordance with the Mississippi County Financial Accounting Manual issued by the Mississippi Office of the State Auditor. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

**Proprietary Funds** are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Garbage Collection Fund. Internal service funds are an accounting devise used to accumulate and allocate costs internally among the County's various functions. The County does not use any internal service funds.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Garbage Collection Fund is considered to be a major fund of the County.

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the county government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary assets and liabilities are presented in a separate Statement of Fiduciary Assets and Liabilities.

**Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process. The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position** - Net Position may serve over time as a useful indicator of a government's financial position. In the case of Panola County, assets exceeded liabilities by \$47,299,247 as of September 30, 2015. This is a decrease of \$12,576,316 or 21.00% when compared to the prior fiscal year. The decrease was caused by the requirement that net pension liability be shown on the Statement of Net Position beginning in the current year. The liability is for \$16,251,798. If the liability had not been required, the Net Position would have increased by \$ 3,675,482.

One of the largest portions of the County's net position, \$49,051,444 or 103.70% of total net position, reflects its net investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

**Government Funds** - At the close of the current fiscal year, Panola County's governmental funds reported a combined fund balance of \$15,374,125, a decrease of \$804,943 or 4.98% from the prior fiscal year adjusted.

**Business-type Funds** - Operating Revenue from the County's Garbage Collection Fund increased by 5.58% to \$2,282,160 and Operating Expenses increased by 0.88% to \$2,287,476. Nonoperating Revenues (Expenses) decreased by 7.74% to \$82,358.

**BUDGETARY HIGHLIGHTS OF MAJOR FUNDS**

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - As of September 30, 2015, Panola County's total capital assets were \$142,249,694. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$2,100,299 or 1.50%.

Total accumulated depreciation as of September 30, 2015, was \$86,222,091. The balance in total net capital assets was \$56,027,603 at year end.

**Debt Administration** - At September 30, 2015, Panola County had \$11,423,105 in long-term debt outstanding. Panola County maintains an "A" bond rating from Standard and Poors. The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below the 15% limit at 2.84%.

PANOLA COUNTY, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2015

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's office at the Panola County Chancery Building, 151 Public Square, Batesville, Mississippi 38606, or call 662-563-6200.

PANOLA COUNTY, MISSISSIPPI

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF NET POSITION  
September 30, 2015

Exhibit 1

<u>ASSETS</u>	PRIMARY GOVERNMENT		
	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
Cash	\$16,958,485	\$ 109,292	\$17,067,777
Investments	70,516	0	70,516
Property Tax Receivable	10,308,509	0	10,308,509
Accounts Receivable (Net of Allowance For Uncollectibles of \$4,686,650)	0	220,710	220,710
Fines Receivable (Net of Allowance For Uncollectibles of \$2,220,355)	103,918	0	103,918
Intergovernmental Receivables	385,060	37,995	423,055
Other Receivables	70,343	8,315	78,658
Capital Assets:			
Land and Construction in Progress	2,169,069	0	2,169,069
Other Capital Assets, Net	51,716,568	2,141,966	53,858,534
<b>TOTAL ASSETS</b>	<b>81,782,468</b>	<b>2,518,278</b>	<b>84,300,746</b>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount of Refunding	525,870	0	525,870
Deferred Amount Related to Pensions	2,607,310	206,246	2,813,556
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,133,180</b>	<b>206,246</b>	<b>3,339,426</b>
 <u>LIABILITIES</u>			
Claims Payable	878,045	93,272	971,317
Intergovernmental Payables	1,078,696	2,638	1,081,334
Accrued Interest Payable	28,267	0	28,267
Amounts Held in Custody for Others	153,538	0	153,538
Long-term Liabilities			
Due within one year:			
Capital Debt	1,001,323	445,158	1,446,481
Non-capital Debt	887,885	0	887,885
Due in more than one year:			
Capital Debt	4,196,390	1,333,288	5,529,678
Non-capital Debt	3,535,131	23,930	3,559,061
Net Pension Liability	15,029,663	1,222,135	16,251,798
<b>TOTAL LIABILITIES</b>	<b>26,788,938</b>	<b>3,120,421</b>	<b>29,909,359</b>

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF NET POSITION  
September 30, 2015

Exhibit 1

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Tax for Future Reporting Period	\$10,308,509	\$ 0	\$10,308,509
Unearned Revenue for Future Reporting Period	0	123,057	123,057
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,308,509	123,057	10,431,566
<u>NET POSITION</u>			
Net Investment in Capital Assets	48,687,924	363,520	49,051,444
Restricted:			
Expendable:			
General Government	913,102	0	913,102
Debt Service	432,549	0	432,549
Public Safety	850,593	0	850,593
Public Works	4,616,239	(882,474)	3,733,765
Economic Development	421,483	0	421,483
Unemployment Compensation	26,246	0	26,246
Unrestricted	(8,129,935)	0	(8,129,935)
TOTAL NET POSITION	\$47,818,201	\$ (518,954)	\$47,299,247

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Exhibit 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN			
	EXPENSES	CHARGES FOR SERVICES	OPERATING		CAPITAL		NET POSITION	
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL	
Primary Government:								
Governmental Activities:								
General Government	\$ 4,237,030	\$ 700,567	\$ 154,215	\$ 0	\$ (3,382,248)	\$ 0	\$ (3,382,248)	
Public Safety	6,569,628	1,020,821	206,237	16,154	(5,326,416)	0	(5,326,416)	
Public Works	5,791,983	0	1,343,217	939,562	(3,509,204)	0	(3,509,204)	
Health and Welfare	259,163	0	66,939	19,884	(172,340)	0	(172,340)	
Culture and Recreation	30,834	0	0	0	(30,834)	0	(30,834)	
Conservation of Natural Resources	90,367	0	0	0	(90,367)	0	(90,367)	
Economic Development and Assistance	332,083	0	415,673	0	83,590	0	83,590	
Interest on Long-term Debt	351,401	0	0	0	(351,401)	0	(351,401)	
Pension Expense	1,775,650	0	0	0	(1,775,650)	0	(1,775,650)	
Total Gov't Activities	19,438,139	1,721,388	2,186,281	975,600	(14,554,870)	0	(14,554,870)	
Business-Type Activities:								
Solid Waste	2,324,641	2,146,160	0	84,571	0	(93,910)	(93,910)	
Total Business-Type Activities	2,324,641	2,146,160	0	84,571	0	(93,910)	(93,910)	
Total Primary Gov't	\$21,762,780	\$ 3,867,548	\$2,186,281	\$1,060,171	(14,554,870)	(93,910)	(14,648,780)	



PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Exhibit 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	NET POSITION		
				CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES
GENERAL REVENUES:						
Property Taxes					\$13,207,749	\$ 0
Road and Bridge Privilege Taxes					442,427	0
Grants and Contributions not Restricted to Specific Programs					666,629	0
Unrestricted Interest Income					38,741	754
Miscellaneous					925,805	170,198
Transfers					253	0
Total General Revenues and Transfers					15,281,604	170,952
Changes in Net Position					726,734	77,042
Net Position - Beginning, as previously reported					59,526,725	348,838
Change in Accounting Standard					(12,435,258)	(944,834)
Net Position - Beginning, as restated					47,091,467	(595,996)
Net Position - Ending					\$47,818,201	\$ (518,954)
						\$47,299,247

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2015

Exhibit 3

	MAJOR FUNDS					
	COUNTYWIDE					
	GENERAL	ROAD	BRIDGE	OTHER	TOTAL	
	FUND	MAINTENANCE	FUND	GOVERNMENTAL	GOVERNMENTAL	
		FUND		FUNDS	FUNDS	
<u>ASSETS</u>						
Cash	\$ 9,520,531	\$ 1,956,317	\$ 2,931,601	\$ 2,550,036	\$16,958,485	
Investments	0	0	0	70,516	70,516	
Property Tax Receivable	6,625,324	1,256,621	1,342,815	1,083,749	10,308,509	
Fines Receivable (Net of Allowance for Uncollectibles of \$2,220,355)	103,918	0	0	0	103,918	
Intergov't Receivables	307,215	62,969	0	14,876	385,060	
Other Receivables	3,269	159	0	66,915	70,343	
Due from Other Funds	9,138	106,021	73,252	67,129	255,540	
TOTAL ASSETS	<u>\$16,569,395</u>	<u>\$ 3,382,087</u>	<u>\$ 4,347,668</u>	<u>\$ 3,853,221</u>	<u>\$28,152,371</u>	
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Claims Payable	\$ 272,160	\$ 185,829	\$ 327,978	\$ 92,078	\$ 878,045	
Intergov't Payables	1,078,270	273	0	153	1,078,696	
Due to Other Funds	246,402	0	0	9,138	255,540	
Amounts Held in Custody For Others	153,538	0	0	0	153,538	
TOTAL LIABILITIES	<u>1,750,370</u>	<u>186,102</u>	<u>327,978</u>	<u>101,369</u>	<u>2,365,819</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Revenue- Property Taxes	6,625,324	1,256,621	1,342,815	1,083,749	10,308,509	
Unavailable Revenue- Fines	103,918	0	0	0	103,918	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,729,242</u>	<u>1,256,621</u>	<u>1,342,815</u>	<u>1,083,749</u>	<u>10,412,427</u>	

PANOLA COUNTY, MISSISSIPPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2015

Exhibit 3

	<u>MAJOR FUNDS</u>				
	<u>COUNTYWIDE</u>				
	<u>GENERAL</u>	<u>ROAD</u>	<u>BRIDGE</u>	<u>OTHER</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>MAINTENANCE</u>	<u>FUND</u>	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>
		<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>	<u>FUNDS</u>
FUND BALANCES:					
Restricted for:					
General Government	0	0	0	417,336	417,336
Public Safety	0	0	0	850,593	850,593
Public Works	0	1,939,364	2,676,875	0	4,616,239
Economic Development					
And Assistance	0	0	0	421,483	421,483
Debt Service	0	0	0	460,816	460,816
Unemployment Comp.	0	0	0	26,246	26,246
Assigned for:					
General Government	0	0	0	495,766	495,766
Unassigned	8,089,785	0	0	(4,137)	8,085,646
TOTAL FUND BALANCES	<u>8,089,783</u>	<u>1,939,364</u>	<u>2,676,875</u>	<u>2,668,103</u>	<u>15,374,125</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$16,569,395</u>	 <u>\$ 3,382,087</u>	 <u>\$ 4,347,668</u>	 <u>\$ 3,853,221</u>	 <u>\$28,152,371</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
September 30, 2015

Exhibit 3-1

Total Fund Balance-Governmental Funds	\$15,374,125
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, net of accumulated depreciation of \$85,371,804.	53,885,637
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(9,620,729)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	103,918
Deferred amount on refunding bonds is not reported in The funds.	525,870
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(28,267)
Pension obligations are not due and payable in the current Period and, therefore are not reported in the funds.	(15,029,663)
Deferred outflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	<u>2,607,310</u>
Total Net Position - Governmental Activities	<u>\$47,818,201</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2015

Exhibit 4

	MAJOR FUNDS				
	COUNTYWIDE				
	GENERAL FUND	ROAD MAINTENANCE FUND	BRIDGE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Property Taxes	\$ 8,589,573	\$ 1,553,376	\$ 1,626,934	\$ 1,437,866	\$13,207,749
Road and Bridge Privilege Taxes	0	442,427	0	0	442,427
Licenses, Commissions, & Other Revenue	556,356	0	0	6,697	563,053
Fines & Forfeitures	239,464	0	0	19,121	258,585
Intergov't Revenues	935,060	1,874,038	0	1,019,412	3,828,510
Charges for Services	464,911	0	0	441,027	905,938
Interest Income	17,526	5,835	8,336	7,044	38,741
Miscellaneous Revenue	328,052	412,112	0	76,971	817,135
TOTAL REVENUES	<u>11,130,942</u>	<u>4,287,788</u>	<u>1,635,270</u>	<u>3,008,138</u>	<u>20,062,138</u>
<u>EXPENDITURES</u>					
Current:					
General Government	4,440,638	0	0	114,135	4,554,773
Public Safety	5,697,041	0	0	1,029,681	6,726,722
Public Works	78,416	3,908,743	1,789,823	1,009,167	6,786,149
Health & Welfare	220,784	0	0	1,500	222,284
Culture & Recreation	30,834	0	0	0	30,834
Conservation of Natural Resources	95,313	0	0	0	95,313
Economic Development Assistance	229,500	0	0	101,536	331,036
Debt Service:					
Principal	206,542	437,745	38,274	1,591,675	2,274,236
Interest	10,897	24,912	1,213	282,460	319,482
TOTAL EXPENDITURES	<u>11,009,965</u>	<u>4,371,400</u>	<u>1,829,310</u>	<u>4,130,154</u>	<u>21,340,829</u>
Excess of Revenue Over (Under) Expenditures	<u>120,977</u>	<u>(83,612)</u>	<u>(194,040)</u>	<u>(1,122,016)</u>	<u>(1,278,691)</u>

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2015

Exhibit 4

	MAJOR FUNDS				
	COUNTYWIDE				
	GENERAL	ROAD	BRIDGE	OTHER	TOTAL
	FUND	MAINTENANCE	FUND	GOVERNMENTAL	GOVERNMENTAL
		FUND		FUNDS	FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>					
Long-term Capital					
Debt Issued	\$ 126,000	\$ 0	\$ 180,084	\$ 28,338	\$ 334,422
Proceeds from Sale					
Of Capital Assets	15,000	0	0	124,073	139,073
Transfers In	188,552	0	0	364,698	553,250
Transfers Out	(262,903)	(99,661)	0	(190,433)	(552,997)
TOTAL OTHER FINANCING					
SOURCES & USES	<u>66,649</u>	<u>(99,661)</u>	<u>180,084</u>	<u>326,676</u>	<u>473,748</u>
NET CHANGES IN FUND					
BALANCES	<u>187,626</u>	<u>(183,273)</u>	<u>(13,956)</u>	<u>(795,340)</u>	<u>(804,943)</u>
Fund Balance-Beginning	7,902,157	2,122,637	2,690,831	4,282,943	16,998,568
Prior Period Adjustments	0	0	0	(819,500)	(819,500)
Fund Balance-Restated	<u>7,902,157</u>	<u>2,122,637</u>	<u>2,690,831</u>	<u>3,463,443</u>	<u>16,179,068</u>
Fund Balances-Ending	<u>\$ 8,089,783</u>	<u>\$ 1,939,364</u>	<u>\$ 2,676,875</u>	<u>\$ 2,668,103</u>	<u>\$15,374,125</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2015

Exhibit 4-1

Net Changes in Fund Balances - Government Funds \$ (804,943)

Amounts reported for Governmental Activities in the  
Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.. Thus, the change in net position differs from the fund balances by the amount that capital outlays of \$2,089,110 exceeded depreciation of \$1,587,911 in the current period.

501,199

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 net gain of \$76,259 and the proceeds from the sale of \$139,073 in the current period,

(62,814)

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

(6,188)

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 reduced 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 payments of \$2,274,236 exceeded debt proceeds of \$334,422 in the current period.

1,939,814

PANOLA COUNTY, MISSISSIPPI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2015

Exhibit 4-1

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

Recognition of pension expense for the current year	(1,775,650)
Recognition of contributions made subsequent to the measurement date and first nine months of current year	969,055

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Change in accrued interest payable	11,527
Change in compensated absences	(1,820)
The amortization of:	
Premium on bonds	4,725
Deferred amount on refunding bonds	<u>(48,171)</u>

Change in Net Position of Governmental Activities	<u>\$ 726,734</u>
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The accompanying notes are an integral part of the financial statements.



PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
September 30, 2015

Exhibit 5

BUSINESS-TYPE  
ACTIVITIES-  
ENTERPRISE FUND  
SOLID WASTE  
FUND

ASSETS

Current Assets:

Cash	\$ 109,292
Accounts Receivable (net of allowance for Uncollectibles of \$4,661,394)	220,710
Intergovernmental Receivables	37,995
Other Receivables	8,315
Total Current Assets	<u>376,312</u>

Noncurrent Assets:

Capital Assets:

Other Capital Assets, net	<u>2,141,966</u>
Total Noncurrent Assets	<u>2,141,966</u>
Total Assets	<u>2,518,278</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount related to pensions	<u>206,246</u>
-------------------------------------	----------------

LIABILITIES

Current Liabilities:

Claims Payable	93,272
Intergovernmental Payables	2,638
Capital Debt:	
Capital Leases Payable	<u>445,158</u>
Total Current Liabilities	<u>541,068</u>

Noncurrent Liabilities:

Capital Debt:	
Capital Leases Payable	1,333,288
Non-capital Debt:	
Compensated Absences Payable	23,930

Net pension liability

1,222,135

Total Noncurrent Liabilities	<u>2,579,353</u>
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Total Liabilities	<u>3,120,421</u>
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DEFERRED INFLOWS OF RESOURCES

Unearned Revenue for Future Reporting Period	<u>123,057</u>
--	----------------

NET POSITION

Net Investment in Capital Assets	363,520
Restricted for Public Works	(882,474)
Total Net Position	<u>\$ (518,954)</u>

The accompanying notes are integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUND  
For the Year Ended September 30, 2015

Exhibit 6

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUND <u>SOLID WASTE FUND</u>
Operating Revenues	
Charges for Services	\$ 2,146,160
Intergovernmental Revenues	84,571
Other income	51,429
Total Operating Revenues	<u>2,282,160</u>
Operating Expenses	
Personal Services	633,765
Contractual Services	641,338
Materials and Supplies	469,783
Indirect administrative costs	14,232
Pension Expense	142,935
Depreciation Expense	385,423
Total Operating Expenses	<u>2,287,476</u>
Operating Income (Loss)	<u>(5,316)</u>
Nonoperating Revenues (Expenses)	
Interest Income	754
Gain on Sale of Capital Assets	160,785
Interest Expense	(37,165)
Loss on Sale of Capital Assets	(42,016)
Net Non-Operating Revenue (Expenses)	<u>82,358</u>
Changes in Net Position	<u>77,042</u>
Net Position - Beginning, as previously reported	348,838
Prior Period Adjustments	(944,834)
Net Position - Beginning, as restated	<u>(595,996)</u>
Net Position - Ending	<u>\$ (518,954)</u>

The accompanying notes are integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
For the Year Ended September 30, 2015

Exhibit 7

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUND SOLID WASTE FUND
Cash Flows from Operating Activities	
Receipts from Customers	\$ 2,245,783
Receipts from State Government	46,576
Other revenues	43,114
Payments to Suppliers	(1,147,832)
Payments to Employees	(702,789)
Payments for indirect cost	(14,232)
Net Cash Provided (Used) by Operating Activities	<u>470,620</u>
Cash Flows from Noncapital Financing Activities	
Interfund Loan Repayments	<u>(232,913)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(232,913)</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	725,427
Acquisition of Capital Assets	(1,424,798)
Proceeds from Long-term Debt	1,334,945
Principal Paid on Long-term Debt	(928,834)
Interest Paid on Long-term Debt	(37,165)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(330,425)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>754</u>
Net Cash Provided (Used) by Investing Activities	<u>754</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(91,964)
Cash and Cash Equivalents at Beginning of Year	<u>201,256</u>
Cash and Cash Equivalents at End of Year	<u>\$ 109,292</u>

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
For the Year Ended September 30, 2015

Exhibit 7

BUSINESS-TYPE  
ACTIVITIES-  
ENTERPRISE FUND  
SOLID WASTE  
FUND

Reconciliation of Operating Income (Loss) to Net Cash  
Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (5,316)
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Adjustments to Reconcile Operating Income to Net Cash

Provided (Used) by Operating Activities:

Depreciation Expense	385,423
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Changes in Assets and Liabilities:

(Increase) Decrease in Accounts Receivable	(80,473)
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(Increase) Decrease in Intergovernmental Receivables	(37,995)
--	----------

(Increase) Decrease in Deferred outflows of Resources	71,580
---	--------

Increase (Decrease) in Claims Payable	(35,520)
---------------------------------------	----------

Increase (Decrease) in Intergovernmental Payables	(1,191)
---	---------

Increase (Decrease) in Compensated Absences Liability	2,550
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Increase (Decrease) in Pension Liability	142,935
--	---------

Increase (Decrease) in Unearned Revenue	28,627
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Total Adjustments	<u>475,936</u>
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Net Cash Provided (Used) by Operating Activities	<u>\$ 470,620</u>
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Noncash Capital Financing Activity:

Panola County lease purchased mobile equipment for \$126,000 for 4 years at 2.06% interest. Panola County lease purchased mobile equipment for one year at 1.43% interest. Panola County lease purchased mobile equipment for \$28,338 for 2 years at 1.96% interest. Principal payments of \$894,236 were made on lease payments during this year.

The accompanying notes are integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
September 30, 2015

Exhibit 8

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ <u>314,703</u>
Total Assets	\$ <u><u>314,703</u></u>
<u>LIABILITIES</u>	
Intergovernmental Payables	\$ <u>314,703</u>
Total Liabilities	\$ <u><u>314,703</u></u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

**A. Financial Reporting Entity.**

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

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

- Bynum Fire District
- Cole's Point Fire District
- Curtis Fire Department
- Mt. Olivett Fire Department
- Sardis Lower Lake Fire District
- Pope Volunteer Fire District
- Pleasant Grove Fire District
- Union Fire District
- North Panola Utility District
- Longtown Fire District
- Long Creek Sewer District

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

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**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 units' balances and transactions are blended with the balances and transactions of the primary government.

The Panola County Civic Improvement Corporation is comprised solely of the five members of the Board of Supervisors. Although legally separate from the County, the Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's new jail building.

The Panola County Industrial Authority is a legally separate entity, organized by a local and private bill to provide for land acquisitions and improvements for industrial development purposes. Its five-member Board of Commissioners is appointed by the Board of Supervisors.

The Panola County Economic Development District is comprised solely of the five members of the Board of Supervisors. Although legally separate from the County, the Corporation is reported as if it were part of the primary government because its sole purpose is to finance a substation for industries in the County.

**C. Basis of Presentation.**

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

**Government-wide Financial Statements:**

The Statement of Net Position and Statement of Net 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.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

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-types 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.



PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

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 measureable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year end to liquidate liabilities existing at the end of the year. Measureable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

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

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

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

The county reports the following major Proprietary fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

PROPRIETARY FUND TYPES

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 TYPES

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

**E. Account Classifications.**

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

**F. Deposits and Investments.**

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

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

**G. Receivables.**

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

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**H. Interfund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported by definition, as restricted, committed, or assigned. Interfund 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.**

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. Restricted assets reflect proceeds received from the Panola County Jail Project Certificates of Participation less amounts paid on construction commitments and proceeds from the General Obligation GE Project Bonds less bond issue costs. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

**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.

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

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

	ESTIMATED USEFUL LIFE	CAPITALIZATION THRESHOLD
Land	N/A	\$ -0-
Infrastructure	20-50 years	-0-
Buildings	40 years	50,000
Improvements other than Buildings	20 years	25,000
Mobile Equipment	5-10 years	5,000
Furniture and Equipment	3-7 years	5,000
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 and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

Deferred amount on refunding - For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and 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 life of the new debt, whichever is shorter.

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Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note Ten 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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 Ten for additional details.

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

**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.

PANOLA COUNTY, MISSISSIPPI  
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**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 or other commitments.

In the government-wide financial statements and 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual 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 or regulations of other governments; or law through constitutional provisions or enabling legislation.

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

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Net Position Flow Assumption:

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

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator.

*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.

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Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, the County's general policy is 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, the County's general policy is to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**O. Property Tax Revenues.**

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

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

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

**P. Intergovernmental Revenues in Governmental Funds.**

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



PANOLA COUNTY, MISSISSIPPI  
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**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 standard issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required, GASB Statement 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The provisions of this standard has been incorporated into the financial statements and notes.

**NOTE 2 - PRIOR PERIOD ADJUSTMENTS.**

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
<b>Governmental Activities:</b>	
To correct allowance for loans receivable for bad loans	\$ (819,500)
To record beginning balance of pension liability in accordance with GASB statement 68	(11,615,758)
Total prior period adjustments	<u>\$ (12,435,258)</u>
<b>Business-type Activities:</b>	
To adjust beginning balance of petty cash	\$ (300)
To record beginning balance of pension liability In accordance with GASB statement 68	(944,534)
Total prior period adjustments	<u>\$ (944,834)</u>

PANOLA COUNTY, MISSISSIPPI  
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Exhibit 4 - State of Revenue, Expenditures and Changes in Fund  
Balances-Governmental Funds

<u>Explanation</u>	<u>Amount</u>
To correct allowance for loans receivable for bad loans (075 Home Grant Fund)	\$ (819,500)
Total prior period adjustments	<u>\$ (819,500)</u>

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

<u>Explanation</u>	<u>Amount</u>
To adjust beginning balance of petty cash	\$ (300)
To record beginning balance of pension liability In accordance with GASB statement 68	(944,534)
Total prior period adjustments	<u>\$ (944,834)</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS.**

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$17,382,480 and the bank balance was \$17,560,283. 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. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
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Investments:

Investment balances at September 30, 2015 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	11 months	<u>\$ 70,516</u>	None
Total		<u>\$ 70,516</u>	

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Bank certificates of deposit 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.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES.**

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 9,138
Countywide Road Maintenance	General	106,021
Bridge	General	73,252
Other Governmental Funds	General	<u>67,129</u>
Total		<u>\$255,540</u>

The receivables represent the tax revenue collected in September 2015, but not settled until October, 2015, and indirect cost, as well as funds paid to various funds to alleviate funding shortages. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Agency	\$ 253
General	Other Governmental	188,299
Other Governmental Funds	General	262,903
Other Governmental Funds	Countywide Road Maintenance	99,661
Other Governmental Funds	Other Governmental Funds	<u>2,134</u>
Total		<u>\$553,250</u>

The principal purpose of interfund transfers was to provide funds for grant matches, to provide funds for operating expenses, and to transfer interest revenue in an agency fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.**

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

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities:</b>	
Legislative Tag Credit	\$175,947
Emergency Management Performance Grant	33,977
School Resource Office	30,384
Additional Privilege Tax	22,077
Homeland Security Grant	5,000
Youth Court	317
High Intensity Drug Trafficking Areas Program	4,414
Motor Vehicle Fuel Tax	48,353
Housing Prisoners	27,383
Seasonal Law	1,632
State aid road	8,459
Road and Bridge Privilege Tax	418
Reimbursement for Food Stamps	9,777
Reimbursement for Training	978
Reimbursement for 911 Dispatcher	5,750
Timber Severance Tax	66
Miscellaneous	10,128
Total Governmental Activities	<u>\$385,060</u>
<b>Business-type Activities:</b>	
City of Batesville	\$ 25,256
City of Sardis	6,273
Town of Como	3,657
Town of Crenshaw	2,809
Total Business-type Activities	<u>\$ 37,995</u>

**NOTE 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>
Batesville Apartment Homes IV, LLC	8/16/2006	1%	8/18/2056	\$ 819,500
Less:				
Allowance for doubtful accounts				(819,500)
Net Loans Receivable Balance				<u>\$ -0-</u>

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 7 - CAPITAL ASSETS.**

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

Governmental Activities:	BALANCE				BALANCE
	Oct. 1, 2014	ADDITIONS	DELETIONS	Adjustments*	Sept. 30, 2015
<u>Non-Depreciable Capital Assets:</u>					
Land	\$ 1,358,256	\$ 0	\$ 1,732	\$ 0	\$ 1,356,524
Construction in Progress	<u>1,726,654</u>	<u>1,484,204</u>	<u>0</u>	<u>(2,398,313)</u>	<u>812,545</u>
Total Non-Depr. Capital Assets	<u>3,084,910</u>	<u>1,484,204</u>	<u>1,732</u>	<u>(2,398,313)</u>	<u>2,169,069</u>
<u>Depreciable Capital Assets:</u>					
Infrastructure	107,577,177	0	0	1,900,950	109,478,127
Buildings	12,646,821	0	0	411,969	13,058,790
Improvements other than Bldgs.	1,841,650	0	0	85,394	1,927,044
Mobile Equipment	7,519,048	198,162	175,160	179,966	7,722,016
Furniture and Equipment	1,987,166	64,638	95,286	0	1,956,518
Leased Property under Capital					
Leases	<u>2,808,985</u>	<u>342,106</u>	<u>25,248</u>	<u>(179,966)</u>	<u>2,945,877</u>
Total Depreciable Capital Assets	<u>134,380,847</u>	<u>604,906</u>	<u>295,694</u>	<u>2,398,313</u>	<u>137,088,372</u>
<u>Less Accumulated Depreciation for:</u>					
Infrastructure	71,298,622	371,149	0	0	71,669,771
Buildings	4,223,234	220,287	0	0	4,443,521
Improvements other than Bldgs.	745,665	77,082	0	0	822,747
Mobile Equipment	5,376,776	485,893	142,933	80,985	5,800,721
Furniture and Equipment	1,653,002	57,509	78,045	0	1,632,466
Leased Property under Capital					
Leases	<u>721,206</u>	<u>375,991</u>	<u>13,634</u>	<u>(80,985)</u>	<u>1,002,578</u>
Total Accumulated Depreciation	<u>84,018,505</u>	<u>1,587,911</u>	<u>234,612</u>	<u>0</u>	<u>85,371,804</u>
Total Depreciable Capital					
Assets - Net	<u>50,362,342</u>	<u>(983,005)</u>	<u>61,082</u>	<u>2,398,313</u>	<u>51,716,568</u>
Governmental Activities Capital					
Assets - Net	<u>\$ 53,447,252</u>	<u>\$ 501,199</u>	<u>\$ 62,814</u>	<u>\$ 0</u>	<u>\$ 53,885,637</u>

PANOLA COUNTY, MISSISSIPPI  
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>Depreciable Capital Assets:</u>					
Buildings	\$ 201,428	\$ 0	\$ 0	\$ 0	\$ 201,428
Improvements other than Bldgs.	38,069	0	0	0	38,069
Mobile Equipment	488,167	67,883	261,421	0	294,629
Furniture and Equipment	168,905	21,970	0	0	190,875
Leased Property under Capital					
Leases	1,787,069	1,334,945	854,762	0	2,267,252
Total Depreciable Capital Assets	<u>2,683,638</u>	<u>1,424,798</u>	<u>1,116,183</u>	<u>0</u>	<u>2,992,253</u>
<u>Less Accumulated Depreciation for:</u>					
Buildings	52,372	4,029	0	0	56,401
Improvements other than Bldgs.	19,796	1,523	0	0	21,319
Mobile Equipment	375,895	24,318	210,001	0	190,212
Furniture and Equipment	45,458	24,541	0	0	69,999
Leased Property under Capital					
Leases	500,545	331,012	319,201	0	512,356
Total Accumulated Depreciation	<u>994,066</u>	<u>385,423</u>	<u>529,202</u>	<u>0</u>	<u>850,287</u>
Total Depreciable Capital					
Assets - Net	<u>1,689,572</u>	<u>1,039,375</u>	<u>586,981</u>	<u>0</u>	<u>2,141,966</u>
Business-type Activities Capital					
Assets - Net	<u>\$ 1,689,572</u>	<u>\$ 1,039,375</u>	<u>\$ 586,981</u>	<u>\$ 0</u>	<u>\$ 2,141,966</u>

\*Adjustments were made to transfer paid out leased property to mobile equipment, to transfer completed construction in progress to infrastructure.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
General Government	\$ 45,204
Public Safety	497,148
Public Works	1,005,150
Health and Welfare	39,077
Economic Development	1,332
Total Governmental Activities Depr. Expense	<u>\$ 1,587,911</u>
<b>Business-type Activities:</b>	
Solid Waste	<u>\$ 385,423</u>

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 8 - CLAIMS AND JUDGMENTS.**

Risk Financing

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

**NOTE 9 - CAPITAL LEASES.**

As Lessee:

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

Classes of Property	Governmental Activities	Business-type Activities
Mobile Equipment	\$ 2,618,770	\$ 2,267,252
Furniture and Equipment	327,107	0
Less: Accumulated Depreciation	(1,002,578)	(512,356)
Leased Property Under Capital Leases	<u>\$ 1,943,299</u>	<u>\$ 1,754,896</u>

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

Year Ended September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 749,208	\$ 28,903	\$ 445,158	\$ 32,975
2017	555,012	16,571	453,953	24,178
2018	256,185	7,760	375,236	15,598
2019	226,141	3,175	382,794	8,040
2020	-0-	-0-	121,305	1,065
Total	<u>\$1,786,546</u>	<u>\$ 56,409</u>	<u>\$1,778,446</u>	<u>\$ 81,856</u>



PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 10 - DEFINED BENEFIT PENSION PLAN.**

**General Information about the Pension Plan**

Plan Description-Panola 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 the amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

Contributions - At September 30, 2015, PERS members were required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's share at September 30, 2015, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the year ended September 30, 2015, 2014, and 2013 were \$1,040,645, \$1,022,475, and \$883,972 respectively, equal to the required contributions for each year.

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

At September 30, 2015, the County reported a liability of \$16,251,798 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 the contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was .105135 percent, which was a decrease of .000454 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,918,585. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ -0-	\$ 250,107
Net difference between projected and actual earnings on pension plan investments	-0-	950,904
Change of assumptions	-0-	1,400,037
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	49,906	-0-
County contributions subsequent to the measurement date	-0-	262,414
Total	<u>\$ 49,906</u>	<u>\$ 2,863,462</u>

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

\$262,414 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2016	\$	826,049
2017		826,049
2018		661,319
2019		237,726
Total	\$	<u>2,551,143</u>

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

Inflation	3.00 percent
Salary Increases	3.75-19.00 percent, including inflation
Investment Rate of Return	7.75 percent, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments was determined using log-normal distribution analysis in which best estimated future real rates of return (expected nominal returns, net of pension plan investments expense and the assumed rate of inflation) are developed for each major 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.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

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 period of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following 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%)	1% Increase (8.75%)	Discount Rate (7.75%)
County's proportionate share of the net pension liability	\$ 21,421,358	\$ 16,251,798	\$ 11,962,029

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

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 11 - LONG-TERM DEBT.**

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
GE Project Bonds	\$ 3,305,000	4.0/5.50%	03/2025
GO Refunding Bonds Jail 2013	3,505,000	2.0/2.625%	08/2026
Total General Obligation Bonds	<u>\$ 6,810,000</u>		
B. Capital Leases:			
Boat	\$ 15,214	3.27%	11/2016
5 Heart Monitors/Defibrillators	15,841	2.90%	07/2013
4 Motor Graders	353,599	1.58%	05/2017
Road Widener Machine	88,295	1.61%	05/2017
Patch Truck	36,766	1.73%	10/2017
2013 Chevy Tahoes	66,934	1.61%	08/2017
6 Chevy Tahoes	64,170	1.68%	12/2016
6 Mack Dump Trucks	681,930	1.68%	07/2019
Radio Console Equipment	156,644	2.19%	03/2019
6 2014 F150 Trucks	105,712	2.06%	11/2018
Excavator	180,084	1.43%	09/2016
2 2015 Ford Trucks	21,357	1.96%	02/2017
Total Capital Leases	<u>\$ 1,786,546</u>		
C. Other Loans:			
GO Note Series 2014	<u>\$ 600,000</u>	.90/1.10%	07/2016
Business-type Activities:			
Capital Leases:			
Garbage Truck	\$ 84,123	1.73%	07/2017
2 Roll off Garbage Trucks	86,593	1.88%	04/2017
Roll-off Garbage Truck	112,189	1.84%	09/2018
Western Roll-off Garbage Truck	132,256	1.83%	09/2019
Mack Garbage Truck	172,705	1.83%	09/2019
Mack Garbage Truck	234,018	1.91%	03/2020
Rear Loading Truck	128,238	2.24%	11/2019
3 Garbage Trucks	680,054	2.04%	12/2019
Western Roll-off Garbage Truck	148,270	2.24%	10/2019
Total Capital Leases	<u>\$ 1,778,446</u>		

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

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

**Governmental Activities:**

<u>Year Ended September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 540,000	\$ 239,093	\$ 600,000	\$ 6,600
2017	560,000	221,669		
2018	580,000	202,143		
2019	605,000	181,644		
2020	625,000	160,168		
2021-2025	3,545,000	428,638		
2026-2030	355,000	9,319		
Total	<u>\$6,810,000</u>	<u>\$1,442,674</u>	<u>\$ 600,000</u>	<u>\$ 6,600</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 2.84% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2015, \$3,375,000 of the bonds were considered defeased.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

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

	BALANCE			AMOUNT	
	10/1/2014	ADDITIONS	DELETIONS	9/30/2015	DUE WITHIN ONE YEAR
Governmental Activities:					
Compensated Absences	\$ 370,788	\$ 1,820	\$ 0	\$ 372,608	\$ 0
General Obligation Bonds	7,590,000	0	780,000	6,810,000	540,000
Add:					
Premiums	56,300	0	4,725	51,575	0
Other Loans	1,200,000	0	600,000	600,000	600,000
Capital Leases	<u>2,346,360</u>	<u>334,422</u>	<u>894,236</u>	<u>1,786,546</u>	<u>749,208</u>
Total	<u>\$11,563,448</u>	<u>\$ 336,242</u>	<u>\$ 2,278,961</u>	<u>\$ 9,620,729</u>	<u>\$ 1,889,208</u>
Business-Type Activities:					
Compensated Absences	\$ 21,374	\$ 2,556	\$ 0	\$ 23,930	\$ 0
Capital Leases	<u>1,372,335</u>	<u>1,334,945</u>	<u>928,834</u>	<u>1,778,446</u>	<u>445,158</u>
Total	<u>\$ 1,393,709</u>	<u>\$ 1,337,501</u>	<u>\$ 928,834</u>	<u>\$ 1,802,376</u>	<u>\$ 445,158</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Countywide Road Maintenance Fund, Bridge Fund, Narcotics Task Force, Industrial Park Construction, E911 Fund, Volunteer Fire Fund, and Solid Waste Fund.

**NOTE 12 - DEFICIT FUND BALANCES/NET POSITION OF INDIVIDUAL FUNDS.**

The following funds reported deficits in fund balances/net position at September 30, 2015:

Fund	Deficit Amount
Mitigation Grant	\$ 36
Insurance Rebate Bld Code	4,101

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

**NOTE 13 - CONTINGENCIES.**

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

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

**NOTE 14 - JOINT VENTURE.**

The County participates in the following joint venture:

Panola County is a participant with the counties of DeSoto, Lafayette, Tate and Tunica in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. This joint venture was created to provide library services and is governed by a five-member board, with each county appointing one member. The County appropriated \$309,449 for support of the library in fiscal year 2015. Complete financial statements for the First Regional Library can be obtained from P. O. Box 386, Hernando, Mississippi 38632.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

North Delta Planning and Development District is composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Panola County Board of Supervisors appoints 4 of the 30 members of the board of directors. The County appropriated and made a payment of \$77,000 for support of the district in fiscal year 2015.



PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Panola County Board of Supervisors appoints 1 of the 21 members of the board of commissioners. The County levied a .71 mil tax which resulted in \$4,399 to help support the district in the fiscal year 2015.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Panola County Board of Supervisors appoints 2 of the 23 members of the college board of trustees. The County appropriated \$511,979 for maintenance and support for the college in fiscal year 2015.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Panola County Board of Supervisors appoints 2 of the 30 board members, with 10 members coming from the business sector and 10 members coming from the minority disadvantaged. The County did not appropriate any funds for support of the agency in fiscal year 2015.

Communicare operates in a district composed of the counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Panola County Board of Supervisors appoints 1 of the 7 members of the board of commissioners. The County appropriated \$39,000 for support of the agency in fiscal year 2015.

**NOTE 16 - 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 Panola County evaluated the activity of the County through December 2, 2016 (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

PANOLA COUNTY, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2015

The County entered into the following capital lease agreements:

Date	Description	Financial Institution	Amount of Lease	Interest Rate	Maturity Date
12/14/2015	Garbage Truck	Hancock Bank	\$ 174,260	1.99%	12/14/2020
2/8/2016	2 Garbage Trucks	Hancock Bank	458,218	1.92%	2/8/2021
3/7/2016	Bobcat Compact Excavator	Bancorp South	49,904	1.82%	3/10/2020
9/19/2016	4 Motor Graders	Hancock Bank	788,284	1.73%	9/20/2021
Total			<u>\$ 1,470,666</u>		

The County entered into the following Negotiable Note:

Date	Description	Financial Institution	Amount of Note	Interest Rate	Maturity Date
5/9/2016	Negotiable Note Series 2016-Roads	Trustmark Bank	\$ 2,400,000	1.63%	5/10/2020
Total			<u>\$ 2,400,000</u>		

PANOLA COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTAL INFORMATION

PANOLA COUNTY, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE -  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
For the Year Ended September 30, 2015

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 7,961,888	\$ 8,518,904	\$ 8,518,904	\$ 0
Licenses, Commissions, and Other Revenue	580,500	554,312	554,312	0
Fines and Forfeitures	363,000	239,330	239,330	0
Intergovernmental Revenues	909,678	897,091	897,091	0
Charges for Services	500,000	465,898	465,898	0
Interest Income	12,500	18,867	18,867	0
Miscellaneous Revenues	221,320	240,691	240,691	0
Total Revenues	<u>10,548,886</u>	<u>10,935,093</u>	<u>10,935,093</u>	<u>0</u>
EXPENDITURES				
Current:				
General Government	4,583,021	4,424,034	4,419,932	4,102
Public Safety	5,630,645	5,629,717	5,629,717	0
Public Works	114,259	79,849	79,849	0
Health and Welfare	238,468	223,766	223,765	1
Culture and Recreation	22,000	28,855	28,855	0
Conservation of Natural Resources	99,520	94,124	94,124	0
Economic Development and Assistance	228,500	229,500	229,500	0
Debt Service:				
Principal	0	209,978	209,978	0
Interest	0	7,461	7,461	0
Total Expenditures	<u>10,916,413</u>	<u>10,927,284</u>	<u>10,923,181</u>	<u>4,103</u>
Excess of Revenues Over (Under) Expenditures	<u>(367,527)</u>	<u>7,809</u>	<u>11,912</u>	<u>(4,103)</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	732,000	552,160	332,159	220,001
Other Financing Uses	<u>(330,000)</u>	<u>(262,903)</u>	<u>(262,903)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>402,000</u>	<u>289,257</u>	<u>69,256</u>	<u>220,001</u>
Net Change in Fund Balance	34,473	297,066	81,168	215,898
Fund Balances - Beginning	5,285,062	7,399,201	7,399,201	0
Fund Balances - Ending	<u>\$ 5,319,535</u>	<u>\$ 7,696,267</u>	<u>\$ 7,480,369</u>	<u>\$ 215,898</u>

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

PANOLA COUNTY, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE -  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
COUNTYWIDE ROAD MAINTENANCE FUND  
For the Year Ended September 30, 2015

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 1,820,443	\$ 1,548,227	\$ 1,548,227	\$ 0
Road and Bridge				
Priveledge Tax	0	443,170	443,170	0
Intergovernmental Revenues	742,000	899,124	899,124	0
Interest Income	5,000	5,835	5,835	0
Miscellaneous Revenues	167,858	438,425	438,425	0
Total Revenues	<u>2,735,301</u>	<u>3,334,781</u>	<u>3,334,781</u>	<u>0</u>
EXPENDITURES				
Current:				
Public Works	3,068,402	2,914,450	2,914,450	0
Debt Service:				
Principal	0	462,657	462,657	0
Total Expenditures	<u>3,068,402</u>	<u>3,377,107</u>	<u>3,377,107</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(333,101)	(42,326)	(42,326)	0
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	0	(99,661)	(99,661)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(99,661)</u>	<u>(99,661)</u>	<u>0</u>
Net Change in Fund Balance	(333,101)	(141,987)	(141,987)	0
Fund Balances - Beginning	2,360,596	2,098,304	2,098,304	0
Fund Balances - Ending	<u>\$ 2,027,495</u>	<u>\$ 1,956,317</u>	<u>\$ 1,956,317</u>	<u>\$ 0</u>

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

PANOLA COUNTY, MISSISSIPPI  
BUDGETARY COMPARISON SCHEDULE -  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
BRIDGE FUND  
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 1,532,222	\$ 1,620,481	\$ 1,620,481	\$ 0
Interest Income	3,000	8,336	8,336	0
Total Revenues	<u>1,535,222</u>	<u>1,628,817</u>	<u>1,586,576</u>	<u>0</u>
EXPENDITURES				
Current:				
Public Works	1,311,220	1,340,218	1,340,218	0
Debt Service:				
Principal	0	38,274	38,274	0
Interest	0	1,213	1,213	0
Total Expenditures	<u>1,311,220</u>	<u>1,379,705</u>	<u>1,379,705</u>	<u>0</u>
Net Change in Fund Balance	224,002	249,112	249,112	0
Fund Balances - Beginning	2,441,136	2,682,489	2,682,489	0
Fund Balances - Ending	<u>\$ 2,665,138</u>	<u>\$ 2,931,601</u>	<u>\$ 2,931,601</u>	<u>\$ 0</u>

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

PANOLA COUNTY, MISSISSIPPI  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PERS  
 LAST 10 FISCAL YEARS\*

	2015	2014
County's proportion of the net pension liability (asset)	16,251,798	12,816,571
County's proportionate share of the new pension liability (asset)	0.105135%	0.105589%
County's covered-employee payroll	6,607,266	6,491,910
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	245.9685746%	197.123732%
Plan fiduciary net position as a percentage of the total pension liability	61.703983%	67.207687%

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

This schedule presented is to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled the entity has only presented information for the years in which information was available.

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

PANOLA COUNTY, MISSISSIPPI  
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
PERS  
LAST 10 FISCAL YEARS

	2015
Contractually required contribution	\$ 1,040,645
Contributions in relation to the contractually required contribution	<u>1,040,645</u>
Contribution deficiency (excess)	<u>\$ -0-</u>
County covered-employee payroll	\$ 6,607,266
Contributions as a percentage of covered-employee payroll	15.75%

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



PANOLA COUNTY, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2015  
UNAUDITED

**NOTE 1 - BUDGET 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 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, the board 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).

PANOLA COUNTY, MISSISSIPPI  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2015  
UNAUDITED

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

	General <u>Fund</u>	Countywide Road Maintenance <u>Fund</u>	Bridge <u>Fund</u>
Budget (Cash Basis)	\$ 81,168	\$ (141,987)	\$ 249,112
Increase (Decrease)			
Net Adjustments for Revenue			
Accruals	193,242	(10,977)	186,537
Net Adjustments for			
Expenditure Accruals	<u>(86,784)</u>	<u>(30,309)</u>	<u>(449,605)</u>
GAAP Basis	<u>\$ 187,626</u>	<u>\$ (183,273)</u>	<u>\$ (13,956)</u>

**NOTE 2 - SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF THE COUNTY'S CONTRIBUTIONS.**

Changes of assumptions.

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Health Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual 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.

PANOLA COUNTY, MISSISSIPPI

OTHER INFORMATION

PANOLA COUNTY, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS - UNAUDITED  
For the Year Ended September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
James Birge	Supervisor District 1	Liberty Mutual	\$100,000
Vernice Avant	Supervisor District 2	Western Surety Co.	\$100,000
John Thomas	Supervisor District 3	Liberty Mutual	\$100,000
Kelly Morris	Supervisor District 4	Old Republic Surety	\$100,000
Cole Flint	Supervisor District 5	Liberty Mutual	\$100,000
Jim Pittcock	Chancery Clerk	Western Surety Co.	\$100,000
Kelley Magee	County Administrator	Liberty Mutual	\$100,000
Mellissa Meek Phelps	Circuit Clerk	Liberty Mutual	\$100,000
David Garner	Tax Assessor/Collector	Liberty Mutual	\$100,000
Dennis Darby	Sheriff	Liberty Mutual	\$100,000
Mike Wilson	Justice Court Judge	Old Republic Surety	\$100,000
Willie Joiner	Justice Court Judge	Old Republic Surety	\$100,000
Jada Miller	Justice Court Clerk	Old Republic Surety	\$50,000
Linda Lyons	Justice Court Clerk	Old Republic Surety	\$50,000
Eric Harris	Constable	Old Republic Surety	\$50,000
Raye Hawkins	Constable	Old Republic Surety	\$50,000
Andriana Cauthen	Purchase Clerk	Western Surety Co.	\$75,000
Robbie Haley	Asst. Purchase Clerk	Old Republic Surety	\$50,000
Tom Austin	Receiving Clerk	Liberty Mutual	\$75,000
Sandra Copeland	Receiving Clerk	Old Republic Surety	\$50,000
Judy Tutor	Receiving Clerk	Old Republic Surety	\$50,000
Janice Dodd	Receiving Clerk	Liberty Mutual	\$50,000
Gail Cauthen	Receiving Clerk	FCC	\$50,000
Kathy Wilson	Receiving Clerk	Old Republic Surety	\$50,000
Arlene Wilson	Receiving Clerk	Old Republic Surety	\$50,000
Gwen Pollard	Receiving Clerk	Liberty Mutual	\$50,000
Stella Lee	Receiving Clerk	Old Republic Surety	\$50,000
Jennifer Jackson	Receiving Clerk	Old Republic Surety	\$50,000
Glenda Hill	Inventory Clerk	Liberty Mutual	\$75,000
Lygunnah Bean	Road Manager	Old Republic Surety	\$50,000
Deputy Tax Collectors	Deputy Tax Collectors	Liberty Mutual	\$50,000/ea
Deputy Tax Assessor	Deputy Tax Assessor	American States Ins.	\$10,000/ea
Sheriff's Deputies	Sheriff's Deputies	Old Republic Surety	\$50,000/ea

PANOLA COUNTY, MISSISSIPPI

SPECIAL REPORTS



604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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  
Panola County, Mississippi  
Batesville, 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 Panola 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 December 2, 2016. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Panola 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*.

#### **Panola County's Response to Finding**

Panola County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Panola County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

The Dwight G. Young Group

Oxford, Mississippi  
December 2, 2016





604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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  
Panola County, Mississippi  
Batesville, Mississippi

We have examined Panola 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 Panola County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Panola 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, Panola County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

This report is intended for use in evaluating Panola County, Mississippi 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.

*The Dwight H. Young Group*

Oxford, Mississippi  
December 2, 2016

PANOLA COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES FROM OTHER THAN THE LOWEST BIDDER  
For the Year Ended September 30, 2015

Schedule 1

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

PANOLA COUNTY, MISSISSIPPI  
SCHEDULE OF EMERGENCY PURCHASES  
For the Year Ended September 30, 2015

Schedule 2

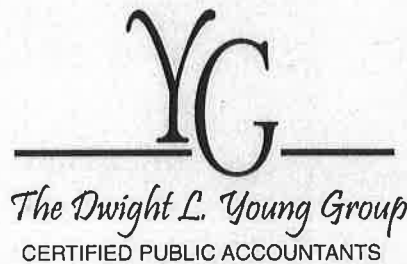
Our test results did not identify any emergency purchases.

PANOLA COUNTY, MISSISSIPPI  
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY FROM A SOLE SOURCE  
For the Year Ended September 30, 2015

Schedule 3

Our test results identified the following purchases made non-competitively from a sole source:

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
June 24, 2015	Electronic Poll Books	\$ 32,611.67	Election Systems & Software



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW  
MANAGEMENT REPORT

Members of the Board of Supervisors  
Panola County, Mississippi  
Batesville, Mississippi

In planning and performing our audit of the financial statements of Panola County, Mississippi for the year ended September 30, 2015, we considered Panola 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 Panola 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 December 2, 2016, on the financial statements of Panola 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.

*The Dwight L. Young Group*

Oxford, Mississippi  
December 2, 2016

PANOLA COUNTY, MISSISSIPPI  
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
Countywide road maintenance fund	Unmodified
Bridge fund	Unmodified
Solid waste fund	Unmodified
Aggregate remaining fund information	Unmodified
  
2. Internal control over financial reporting:

a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported
  
3. Noncompliance material to financial statements noted? No

Section 2: Financial Statements Findings

Board of Supervisors.

Material Weakness (Prior Year Finding)

2015-001      Criteria: Generally accepted accounting principles require the financial data of the County's component units to be reported with the financial data of the County's primary government unless the County also issued financial statements for the financial reporting unit that include the financial data for its component units.

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

Cause: The component units of the County do not have audited financial statements.

Effect: The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.



PANOLA COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended September 30, 2015

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

Response: The Board of Supervisors did not choose to include the component units in the County financial statements.