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

TALLAHATCHIE COUNTY, MISSISSIPPI

Audited Financial Statements, Supplemental Information and
Auditors' Reports on Internal Control, Compliance and Other Matters

For the Year Ended September 30, 2015

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TALLAHATCHIE COUNTY, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT ON
THE BASIC FINANCIAL STATEMENTS ACCOMPANIED
BY REQUIRED SUPPLEMENTARY INFORMATION

Members of the Board of Supervisors
Tallahatchie County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tallahatchie 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 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 of 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 that the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Tallahatchie 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 General Fund, Countywide Road Maintenance Fund, and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Governmental Activities, Business-type Activities and Solid Waste Fund

As discussed in Note 11 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities, and Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities and Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities, and Solid Waste Fund is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on Governmental Activities, Business-Type Activities and Solid Waste Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and the Solid Waste Fund of Tallahatchie County, Mississippi, as of September 30, 2015, and the change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2018, on our consideration of Tallahatchie 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 Tallahatchie County, Mississippi's internal control over financial reporting and compliance.

The Dwight L. Young Group

The Dwight L. Young Group
Oxford, Mississippi
August 1, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TALLAHATCHIE COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
UNAUDITED

INTRODUCTION

The discussion and analysis of Tallahatchie 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 discussion 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.

Tallahatchie County is located in the Mississippi Delta Region of Mississippi. The population, according to the current census, is currently estimated at 15,378. The local economic base is driven by the agriculture.

FINANCIAL HIGHLIGHTS

Tallahatchie County is financially strong. The Tallahatchie County Board of Supervisors has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the changes of the future.

Total net position increased \$ 1,667,974, which represents an 8.48% increase from the prior fiscal year. The County's ending cash balance increased by \$1,563,200, which represents a 21.43% increase from the prior fiscal year.

The County had \$11,573,296 in total revenues, which represents a \$1,203,396 or 9.42% decrease from the prior fiscal year. Property tax revenues account for \$7,180,023 or 62.04% of total revenues.

The County had \$9,905,322 in total expenses, which represents an increase of \$778,822 or 8.53% increase from the prior fiscal year.

Among major funds, the General Fund had \$7,009,922 in revenues and \$5,971,072 in expenditures. The ending cash balance for the General Fund increased \$1,393,907 or 31.43%. The Countywide Road Fund had \$3,632,178 in revenues and \$4,313,527 in expenditures. The Countywide Road Fund's ending cash balance increased \$501,962 or 31.65% over the prior fiscal year.

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 supplemental information is included in addition to the basic financial statements.

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

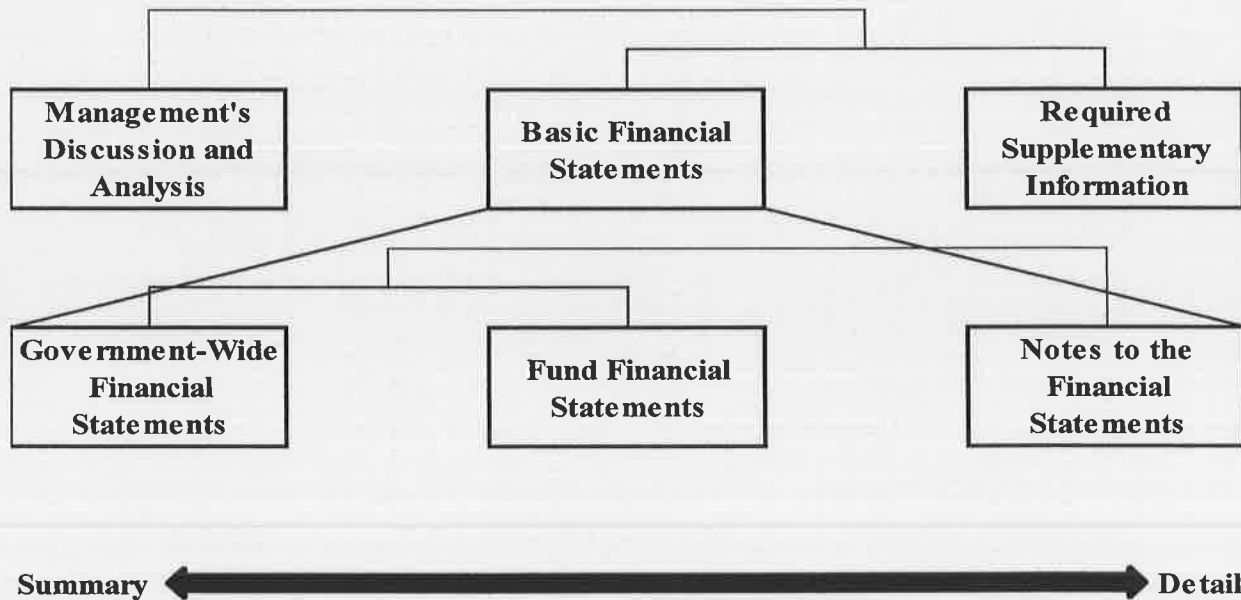


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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.

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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Assets and Liabilities
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, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, and short and long term	All assets, deferred outflows, liabilities, and deferred inflows, 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	All revenues and expenses during year, regardless of when cash is received or paid

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, liabilities, deferred outflows, and deferred inflows 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; pension expense; and interest on long-term debt. The business-type activities of the County is 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 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 Solid Waste Fund. Internal service funds are an accounting device 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 Solid Waste Fund is considered to be a major fund of the County.

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 Supplemental Information** concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule 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 Tallahatchie County, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,329,601 as of September 30, 2015. This is an increase of \$1,667,974 or 8.48% when compared to the prior fiscal year.

One of the largest portions of the County's net position, \$18,157,738 or 85.13% 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.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the current fiscal year, Tallahatchie County's governmental funds reported a combined fund balance of \$8,337,473, an increase of \$1,067,108 or 14.68% over the prior fiscal year.

Business-type funds – Revenue from the County's Solid Waste Fund increased from \$358,939 for September 30, 2014, to \$474,299 for September 30, 2015, or an increase of 32.14% and expenses decreased from \$614,458 for September 30, 2014, to \$560,010 for September 30, 2015, or a decrease of 8.86%. The major contribution to the increase in revenue was an increase in rates. Expenses decreased because of better controls.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Tallahatchie County revised its annual operating budget on several occasions. With these adjustments, actual disbursements exceeded original budget amounts by \$861,244 or 9.20% above the original budget for the 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 supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2015, Tallahatchie County's total capital assets were \$30,290,958. 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 \$2,726,638 or 9.89%.

Total accumulated depreciation as of September 30, 2015, was \$8,870,130. The balance in total net capital assets was \$21,420,828 at year end.

Debt Administration – At September 30, 2015, Tallahatchie County had \$3,533,916 in long-term debt outstanding.

Tallahatchie 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 3.07%.

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 Chancery Clerk's office at the Tallahatchie County Court House, P. O. Box 350, Charleston, Mississippi 38921, or call 662-647-5551.

FINANCIAL STATEMENTS

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

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 8,720,779	\$ 117,477	\$ 8,838,256
Property Tax Receivable	7,505,599	-	7,505,599
Accounts Receivable (net allowance for uncollectibles of \$1,328,724)	-	52,653	52,653
Fines Receivable (net allowance for uncollectibles of \$2,199,315)	727,419	-	727,419
Intergovernmental Receivables	266,600	-	266,600
Other Receivables	230,954	-	230,954
Prepaid Items	5,168	-	5,168
Capital Assets, net	21,049,787	371,041	21,420,828
Total Assets	38,506,306	541,171	39,047,477
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount Related to Pensions	1,224,521	53,650	1,278,171
LIABILITIES			
Claims Payable	222,535	7,006	229,541
Accrued Interest Payable	35,727	-	35,727
Intergovernmental Payables	658,325	-	658,325
Long-term Liabilities			
Due Within One Year:			
Capital Debt	538,681	151,515	690,196
Due in More Than One Year:			
Capital Debt	2,367,636	205,258	2,572,894
Non-capital Debt	259,131	11,695	270,826
Net Pension Liability	6,737,738	295,201	7,032,939
Total Liabilities	10,819,773	670,675	11,490,448
DEFERRED INFLOWS OF RESOURCES			
Property Tax for Future Reporting Periods	7,505,599	-	7,505,599
Total Deferred Inflows of Resources	7,505,599	-	7,505,599
NET POSITION			
Net Investment in Capital Assets	18,143,470	14,268	18,157,738
Restricted for:			
General Government	92,621	-	92,621
Public Safety	296,839	-	296,839
Public Works	2,372,074	-	2,372,074
Capital Projects	287,245	-	287,245
Unrestricted	213,206	(90,122)	123,084
Total Net Position	\$ 21,405,455	\$ (75,854)	\$ 21,329,601

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

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

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 2,388,286	\$ 115,971	\$ 173,745	\$ 8,215	\$ (2,090,355)	\$ -
Public Safety	2,986,980	527,368	91,722	-	(2,367,890)	-
Public Works	2,654,478	-	38,547	-	(2,615,931)	-
Health and Welfare	203,359	-	-	-	(203,359)	-
Culture and Recreation	136,269	-	-	-	(136,269)	-
Conservation of Natural Resources	75,632	-	-	-	(75,632)	-
Economic Development and Assistance	47,100	-	-	-	(47,100)	-
Interest on Long-Term Debt	41,271	-	-	-	(41,271)	-
Pension Expense	806,162	-	-	-	(806,162)	-
Total Governmental Activities	9,339,537	643,339	304,014	8,215	(8,383,969)	-
Business-Type Activities						
Solid Waste	565,785	474,299	-	-	(91,486)	(91,486)
Total Business-Type Activities	565,785	474,299	-	-	(91,486)	(91,486)
Total Primary Government	\$ 9,905,322	\$ 1,117,638	\$ 304,014	\$ 8,215	(8,383,969)	(91,486)
General Revenues:						
Property Taxes					7,180,023	7,180,023
Road and Bridge Privilege Taxes					127,667	127,667
Grants and contributions not recorded to specific programs					1,360,400	1,360,400
Unrestricted interest income					8,748	168
Miscellaneous					166,851	166,851
Rental Income					1,282,854	1,282,854
Insurance Proceeds					16,718	16,718
Transfers					(233,676)	233,676
Total General Revenues and Transfers					9,909,585	233,844
Changes in Net Position					1,525,616	142,358
Net Position-Beginning, as Previously Reported					25,014,677	6,761
Change in Accounting Standards					(5,134,838)	(224,973)
Net Position-Beginning, as Restated					19,879,839	(218,212)
Net Position-Ending					\$ 21,405,455	\$ (75,854)

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

TALLAHATCHIE COUNTY, MISSISSIPPI
Balance Sheet-Governmental Funds
For Year Ended September 30, 2015

Exhibit 3

	Major Funds			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	ROAD MAINTENANCE FUND	OTHER GOVERNMENTAL FUNDS	
ASSETS				
Cash	\$ 5,829,217	\$ 2,087,812	\$ 803,750	\$ 8,720,779
Property Tax Receivable	4,496,751	2,855,618	153,230	7,505,599
Fines Receivable (Net Allowance for uncollectibles of \$2,199,315)	727,419	-	-	727,419
Intergovernmental Receivables	29,963	228,027	8,610	266,600
Other Receivables	222,192	-	8,762	230,954
Total Assets	\$ 11,305,542	\$ 5,171,457	\$ 974,352	\$ 17,451,351
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Claims Payable	\$ 140,333	\$ 39,733	\$ 42,469	\$ 222,535
Intergovernmental Payables	658,325	-	-	658,325
Total Liabilities	798,658	39,733	42,469	880,860
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue: Property Taxes	4,496,751	2,855,618	153,230	7,505,599
Fines	727,419	-	-	727,419
Total Deferred Inflows of Resources	5,224,170	2,855,618	153,230	8,233,018
FUND BALANCES				
Restricted for:				
General Government	-	-	92,621	92,621
Public Safety	-	-	296,839	296,839
Public Works	-	2,276,106	95,968	2,372,074
Committed for:				
Capital Project Funds	-	-	287,245	287,245
Debt Service Funds	-	-	5,980	5,980
Unassigned	5,282,714	-	-	5,282,714
Total Fund Balances	5,282,714	2,276,106	778,653	8,337,473
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,305,542	\$ 5,171,457	\$ 974,352	\$ 17,451,351

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

TALLAHATCHIE COUNTY, MISSISSIPPI

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

For the Year Ended September 30, 2015

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,337,473
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$8,559,610.	21,049,787
Fines Receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	727,419
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds.	5,168
Long-term liabilities are not due and payable in the current period and , therefore, are not reported in the funds.	(3,165,448)
Pension obligations are not due and payable in the current period and , therefore, are not reported in the funds.	(6,737,738)
Deferred outflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	1,224,521
Accrued interest is not due and payable In the current period and, therefore, is not reported in the funds.	<u>(35,727)</u>
Total Net Position - Governmental Activities	<u>\$ 21,405,455</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI

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

Exhibit 4

	Major funds				
	COUNTY-WIDE		OTHER		TOTAL
	GENERAL	ROAD	GOVERNMENTAL	GOVERNMENTAL	GOVERNMENTAL
	FUND	MAINTENANCE	FUND	FUNDS	FUNDS
REVENUES					
Property Taxes	\$ 4,588,428	\$ 2,434,799	\$ 156,796	\$	7,180,023
Road & Bridge Privilege Taxes	-	127,667	-	-	127,667
Licenses, Commissions, and Other Revenue	207,946	-	-	-	207,946
Fines & Forfeitures	80,402	-	-	-	80,402
Intergovernmental Revenues	488,167	1,026,381	-	-	1,514,548
Charges for Services	142,015	-	149,327	-	291,342
Interest Income	5,921	1,965	862	-	8,748
Rent Income	1,229,410	-	53,444	-	1,282,854
Grant Income	233,057	-	79,172	-	312,229
Miscellaneous Revenue	34,576	41,366	410	-	76,352
Total Revenues	7,009,922	3,632,178	440,011	-	11,082,111
EXPENDITURES					
CURRENT:					
General Government	2,432,574	-	72,030	-	2,504,604
Public Safety	2,829,828	-	247,831	-	3,077,659
Public Works	-	1,956,622	80,548	-	2,047,170
Health & Welfare	196,916	-	-	-	196,916
Culture & Recreation	134,724	-	-	-	134,724
Conservation of Natural Resources	78,067	-	-	-	78,067
Economic Development & Assistance	16,000	-	-	-	16,000
Capital Outlay	205,500	1,877,021	494,117	-	2,576,638
DEBT SERVICE:					
Principal	72,893	443,337	44,499	-	560,729
Interest	4,570	26,547	6,421	-	37,538
Total Expenditures	5,971,072	4,313,527	945,446	-	11,230,045
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,038,850	(681,349)	(505,435)	-	(147,934)
OTHER FINANCING SOURCES (USES)					
Insurance Proceeds	-	16,718	-	-	16,718
Transfers In	100,514	-	40,210	-	140,724
Transfers Out	(374,400)	-	-	-	(374,400)
Debt Issuance	-	1,332,000	100,000	-	1,432,000
Total Other Financing Sources (Uses)	(273,886)	1,348,718	140,210	-	1,215,042
NET CHANGES IN FUND BALANCE	764,964	667,369	(365,225)	-	1,067,108
FUND BALANCE-BEGINNING	4,517,750	1,608,737	1,143,878	-	7,270,365
FUND BALANCE-ENDING	\$ 5,282,714	\$ 2,276,106	\$ 778,653	\$	\$ 8,337,473

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

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

	Amount
Net Changes in Fund Balances-Governmental Funds	\$ 1,067,108
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that Capital Outlay of \$2,576,638 exceeded Depreciation of \$895,163 in the current period.	1,681,475
Fines revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	65,829
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 payment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$1,432,000 exceeded debt payments of \$560,729.	(871,271)
Under the modified accrual basis of accounting used in the Governmental Funds, prepaid items are reported as expenditures. However, in the Statement of Activities, only the portion of expenses related to the current period is reported. Thus, the change in net position differs from the change in fund balances by the amount of increase in prepaid items.	(26,653)
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	(806,162)
Recognition of contributions made subsequent to the measurement date and first nine months of current year	427,783
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:	
The amount of increase in compensated absences	(8,760)
The amount of increase in accrued interest payable	(3,733)
Change in Net Position of Governmental Activities	<u>\$ 1,525,616</u>

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

TALLAHATCHIE 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	\$ 117,477
Accounts Receivable (net allowance for uncollectibles of \$1,328,724)	52,653
Total Current Assets	170,130
Noncurrent assets:	
Capital Assets, Net	371,041
Total Noncurrent Assets	371,041
Total Assets	541,171
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount Related to Pensions	53,650
LIABILITIES	
Current Liabilities:	
Claims Payable	7,006
Capital Debt:	
Capital Leases (Due within one year)	151,515
Total Current Liabilities	158,521
Noncurrent Liabilities:	
Long-Term Debt	205,258
Non-capital Debt:	
Compensated Absences Payable	11,695
Net Pension Liability	295,201
Total Noncurrent Liabilities	512,154
Total Liabilities	670,675
NET POSITION	
Net Investment in Capital Assets	14,268
Unrestricted	(90,122)
Total Net Position	\$ (75,854)

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

TALLAHATCHIE COUNTY, MISSISSIPPI

Exhibit 6

Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Fund

For the Year Ended September 30, 2015

	Business-type Activities Enterprise Fund
	Solid Waste Fund
Operating Revenues	
Charges for Services	\$ 474,299
Total Operating Revenues	474,299
Operating Expenses	
Cost of Sales	
Personal Services	180,663
Material and Supplies	137,368
Waste Removal	118,043
Pension Expense	35,320
Depreciation Expense	88,616
Total Operating Expenses	560,010
Operating Loss	(85,711)
Nonoperating Revenues (Expenses)	
Interest Income	168
Interest Expense	(5,775)
Net Nonoperating Revenues (Expenses)	(5,607)
Loss Before Transfers	(91,318)
Transfers In	233,676
Change in Net Position	142,358
Net Position-Beginning, as Previously Report	6,761
Prior Period Adjustments	(224,973)
Net Position-Beginning, as Restated	(218,212)
Net Position-Ending	\$ (75,854)

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

TALLAHATCHIE 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	\$ 476,239
Payments to Employees	(116,988)
Payments for Payroll Taxes	(8,855)
Payments for Retirement	(18,362)
Payments for Group Insurance	(36,458)
Payments for Garbage Disposal	(118,043)
Payments for Petroleum Products	(54,152)
Payments for Other	(100,789)
Net Cash Provided (Used) by Operating Activities	22,592
Cash Flows From Noncapital Financing Activities:	
Transfer in \$233,676 Less \$136,304	97,372
Net Cash Provided (Used) by Noncapital Financing Activities	97,372
Cash Flows from Capital and Related Financing Activities:	
Issuance of Debt	150,000
Principal Paid on Debt	(100,535)
Interest Paid	(5,775)
Purchase of Capital Assets	(150,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(106,310)
Cash Flows from Investing Activities:	
Interest on Investments	168
Net Cash Provided (Used) by Investing Activities	168
Net Increase (Decrease) in Cash and Cash Equivalents	13,822
Cash and Cash Equivalents at Beginning of Year	103,655
Cash and Cash Equivalents at End of Year	\$ 117,477
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (85,711)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	88,616
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	1,940
(Increase) Decrease in Deferred Outflows of Resources	(49,292)
Increase (Decrease) in Claims Payable	1,298
Increase (Decrease) in Compensated Absences Liability	(129)
Increase (Decrease) in Net Pension Liability	65,870
Total Adjustments	108,303
Net Cash Provided (Used) by Operating Activities	\$ 22,592

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

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

Exhibit 8

Assets

Cash	\$18,980
Intergovernmental Receivables	<u>11,644</u>
Total Assets	<u>\$30,624</u>

Liabilities

Amounts Held in Custody for Others	\$ 3,379
Other Liabilities	<u>27,245</u>
Total Liabilities	<u>\$30,624</u>

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Tallahatchie County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Tallahatchie 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.

- Tallahatchie County General Hospital
- Tallahatchie County Library System
- Tallahatchie Fire Districts

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

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

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial sources 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.

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

The County reports the following major Enterprise 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.

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

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.

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. 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.

E. 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, and 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.

F. Receivables.

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

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

G. 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 a 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 the business-type activities are reported in the government-wide financial statements as "internal balances."

H. Capital Assets.

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

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

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization 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.

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

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

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

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

I. Deferred Outflows/Inflows of Resources.

In addition to the 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 (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 14 for additional details.

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

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

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

J. 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 term. Investments are reported at fair value.

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

K. Long-term Liabilities.

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

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

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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.

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

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

TALLAHATCHIE COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2015

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 or 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.

M. Property Tax Revenues.

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

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

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

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

P. Changes in Accounting Standards.

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

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

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Governmental Activities:	
To record beginning balance of pension liability in accordance with GASB Statement 68	\$ (5,134,838)
Total prior period adjustments	<u>\$ (5,134,838)</u>
Business-type Activities:	
To record beginning balance of pension liability in accordance with GASB Statement 68 Fund)	(224,973)
	<u>\$ (224,973)</u>

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

<u>Explanation</u>	<u>Amount</u>
To record beginning balance of pension liability in accordance with GASB Statement 68	\$ (224,973)
Total prior period adjustments	<u>\$ (224,973)</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$8,857,236, and the bank balance was \$9,155,052. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

(4) Inter-fund Transactions and Balances.

Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 40,210
Solid Waste Fund	General Fund	233,676
General Fund	Reappraisal (General Fund)	100,514
Total		<u>\$ 374,400</u>

The General Fund transferred \$ 40,210 to the Civil Defense Fund and \$ 233,676 to the Solid Waste Fund in order to maintain liquidity in those funds. The Reappraisal Fund transferred \$100,514 to the General Fund which is routine and consistent with the activity of Reappraisal Fund.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities	
Mississippi Development Authority	\$ 49,856
Gasoline Tax	59,286
Motor Vehicle Tax	12,812
State of Mississippi-Other	42,262
Local Sources	102,384
Total Governmental Activities	<u>\$ 266,600</u>

Government Funds:

Mississippi Development Authority	\$ 49,856
Gasoline Tax	59,286
Motor Vehicle Tax	12,812
State of Mississippi-Other	42,262
Local Sources	102,384
Total Government Wide	<u>\$ 266,600</u>

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

(6) 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	\$ 1,064,418	\$ -	\$ -	\$ -	\$ 1,064,418
Construction in progress	2,809,260	630,325	-	(109,574)	3,330,011
Total non-depreciable capital assets	<u>3,873,678</u>	<u>630,325</u>	<u>-</u>	<u>(109,574)</u>	<u>4,394,429</u>
<u>Depreciable capital assets:</u>					
Infrastructure	10,816,787	121,131	-	109,574	11,047,492
Buildings	7,664,769	-	-	-	7,664,769
Mobile equipment	2,663,657	160,108	-	32,949	2,856,714
Furniture and equipment	778,631	333,074	-	-	1,111,705
Leased property under capital leases	1,235,237	1,332,000	-	(32,949)	2,534,288
Total depreciable capital assets	<u>23,159,081</u>	<u>1,946,313</u>	<u>-</u>	<u>109,574</u>	<u>25,214,968</u>
Total Capital Assets	<u>27,032,759</u>	<u>2,576,638</u>	<u>-</u>	<u>-</u>	<u>29,609,397</u>
Less accumulated depreciation for:					
Infrastructure	1,869,481	304,479	-	-	2,173,960
Buildings	3,075,510	97,334	-	-	3,172,844
Mobile equipment	2,263,800	145,627	-	14,828	2,424,255
Furniture and Equipment	292,488	37,101	-	-	329,589
Leased property under capital leases	163,168	310,622	-	(14,828)	458,962
Total accumulated depreciation	<u>7,664,447</u>	<u>895,163</u>	<u>-</u>	<u>-</u>	<u>8,559,610</u>
Total Depreciable Capital Assets, net	<u>15,494,634</u>	<u>1,051,150</u>	<u>-</u>	<u>109,574</u>	<u>16,655,358</u>
Governmental activities capital assets, net	<u>\$ 19,368,312</u>	<u>\$ 1,681,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,049,787</u>

TALLAHATCHIE 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>					
Mobile equipment	\$ 224,253	\$ -	\$ -	\$ -	\$ 224,253
Leased property under capital lease	307,308	150,000		-	457,308
Total depreciable capital assets	<u>531,561</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>681,561</u>
Less accumulated depreciation for:					
Mobile equipment	178,003	6,300	-	-	184,303
Leased property under capital lease	43,901	82,316		-	126,217
Total accumulated depreciation	<u>221,904</u>	<u>88,616</u>	<u>-</u>	<u>-</u>	<u>310,520</u>
Total depreciable capital assets, net	<u>309,657</u>	<u>61,384</u>	<u>-</u>	<u>-</u>	<u>371,041</u>
Business-type activities capital assets, net	<u>\$ 309,657</u>	<u>\$ 61,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,041</u>

Adjustments were due to reclassification construction work in process and paid out capital leases.

Depreciation was charged to the following functions:

Governmental Activities:	Amount
General Government	\$ 57,805
Public Safety	104,637
Public Works	691,898
Culture and Recreation	1,531
Health and Welfare	8,192
Economic Development	31,100
Total government activities depreciation expense	<u>\$ 895,163</u>
Business-type activities:	
Solid Waste	\$ 88,616
Total Business-type activities depreciation expense	<u>\$ 88,616</u>

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

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Worker's Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Worker's 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 January 1, 2015 to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund, depending on the loss experience of all the entities it insures.

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable leases. Total income from such leases was \$53,444 for the year ended September 30, 2015. The future minimum lease receivables for these leases are as follows:

Year Ending September 30,	Amount
2016	\$ 30,281
2017	30,281
2018	30,281
2019	30,281
2020	30,281
Total	\$ 151,405

The County is paid rent income from the Tallahatchie County Correctional Facility located near Tutwiler, Mississippi. The facility is operated by Core Civic. The County is paid based on the number of inmates daily. The County was paid \$1,229,410 for the fiscal year.

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

(9) Capital Leases
As Lessee:

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

Classes of Property	Governmental Activities	Enterprise Activities
Leased Property	\$ 2,534,288	\$ 457,308
Less: Accumulated Depreciation	(458,962)	(126,217)
Leased Property Under Capital Leases	<u>\$ 2,075,326</u>	<u>\$ 331,091</u>

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

Year Ending September	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 400,253	\$ 43,916	\$ 151,515	\$ 6,646
2017	387,481	36,087	154,344	3,818
2018	307,137	28,554	50,914	936
2019	313,200	22,490	-	-
2020	832,014	17,474	-	-
Total	<u>\$ 2,240,085</u>	<u>\$ 148,521</u>	<u>\$ 356,773</u>	<u>\$ 11,400</u>

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

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities			
Capital Leases:			
2011 Chevrolet 1500 Pickup	\$ 4,173	3.19 %	6/16
2012 Ford F150	7,948	1.94 %	10/16
2013 Ford F150 Crew Cab	8,039	0.19 %	7/16
Excavator	147,898	2.09%	8/19
2015 Mack Trucks	569,006	0.1939%	9/19
Asphalt Paver	71,021	1.98%	12/16
Graders (6)	1,332,000	0.196%	11/19
Fire Radios (95)	100,000	1.74%	3/17
Total Capital Leases	<u>\$ 2,240,085</u>		
Business-type Activities			
Capital Leases:			
2015 Mack Garbage Trucks	\$ 189,414	1.87 %	12/16
2015 Ford F150	17,359	1.98%	4/17
2011 Garbage Trucks (2)	150,000	1.84%	3/18
Total Capital Leases	<u>\$ 356,773</u>		

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
General Obligation Bonds			
Road Work Bond	\$ 408,289	3.00%	12/18
	<u>\$ 408,289</u>		
Other Loans:			
CAP Loan-Due West	\$ 184,826	5.00 %	7/22
Industrial Development	73,117	3.00 %	7/20
Total Other Loans:	<u>\$ 257,943</u>		

TALLAHATCHIE 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:

Year Ending September 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 98,809	\$ 8,860
2017	100,954	6,715
2018	103,144	4,525
2019	105,382	2,287
Total	\$ 408,289	\$ 22,387

Year Ending September 30,	Other Loans	
	Principal	Interest
2016	\$ 39,619	\$ 7,196
2017	40,824	5,991
2018	42,065	4,750
2019	43,345	3,470
2020	40,522	2,163
2021-2025	51,568	1,430
Total	\$ 257,943	\$ 25,000

Legal Debt Margin-The amount of debt excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever the County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 3.07% of the latest property assessment.

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

	Balance Oct. 1, 2014	Additions	Reductions	Adjustment	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 250,371	\$ 8,760	\$ -	\$ -	\$ 259,131	\$ -
General Obligation Bonds	505,000	-	(96,711)	-	408,289	98,809
Capital leases	1,039,915	1,432,000	(231,830)	-	2,240,085	400,253
Other Loans	490,131	-	(232,188)	-	257,943	39,619
Total	\$ 2,285,417	\$ 1,440,760	\$ (560,729)	\$ -	\$ 3,165,448	\$ 538,681
Business-type Activities:						
Compensated absences	\$ 11,824	\$ -	\$ (129)	\$ -	\$ 11,695	\$ -
Capital leases	307,308	150,000	(100,535)	-	356,773	151,515
Total	\$ 319,132	\$ 150,000	\$ (100,664)	\$ -	\$ 368,468	\$ 151,515

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road Maintenance Fund, and Solid Waste Fund.

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

(11) Other Postemployment Benefits.

Plan Description

The Tallahatchie County board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Miss. Code Ann. (1972). The County's health insurance plan may be amended by the Tallahatchie County Board of Supervisors. The County Purchases health insurance coverage from a commercial insurance company and offers health insurance benefits coverage through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment health care benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

(12) 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.

General Obligations Debt Contingencies - In July 2009, Mississippi Development Bank issued \$5,748,200 of United States Department of Agriculture Rural Development Insured Bonds. These bonds are to provide funds for constructing and improving capital facilities of the Tallahatchie General Hospital. Such debt is being retired from pledged resources of that entity and therefore, is reported as a liability of that entity. However, because Special Obligation Bonds are backed by the full faith, credit, and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at the year-end is as follows:

	<u>Balance at September 30, 2015</u>
Mississippi Development Bank Special Obligation Bond, USDA-Insured Mortgage Bonds, R-1 Series, with final maturity July 2044 with interest of 4.25%	\$ 4,580,554
Mississippi Development Bank Special Obligation Bond, USDA-Insured Mortgage Bonds, R-2 Series, with final maturity July 2044 with interest of 4.38%	<u>736,421</u>
Total	<u>\$ 5,316,975</u>

(13) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Northwest Mississippi Community College (the College) operates in a district composed of the Counties of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Tallahatchie County Board of Supervisors appoints two of the 23 members of the College Board of Trustees. The County appropriated \$126,190 for the maintenance and support of the College in fiscal year 2015.

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

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the 12 members of the College Board of Trustees. The County appropriated \$104,299 for the maintenance and support of the district for the fiscal year 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 Tallahatchie County Board of Supervisors appoints one of the 21 members of the board of commissioners. The County appropriated \$57,047 to help finance the operations of the district 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 Tallahatchie County Board of Supervisors appoints two of the 30 board members. The County appropriated \$12,000 in funds for support of the agency in fiscal year 2015.

The Region 1 Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie, and Tunica. The Tallahatchie County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$18,700 for support of the center for fiscal year 2015.

North Delta Planning and Development District is composed of the Counties of Coahoma, Desoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tallahatchie County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$16,000 for the operation of the district in fiscal year 2015.

(14) Defined Benefit Pension Plan.

General Information About the Pension Plan

Plan Description. Tallahatchie 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.

TALLAHATCHIE 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 rate at September 30, 2015, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the year ending September 30, 2015, 2014, and 2013 were \$437,464, \$428,417, and \$400,417 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 \$7,032,939 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 0.045497 percent which was an increase of 0.000485 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$841,482. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 108,233
Net difference between projected and actual earnings on pension plan investments	-0-	411,502
Change of assumptions	-0-	605,864
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-0-	49,906
County contributions subsequent to the measurement date	-0-	102,666
Total	<u>\$ -0-</u>	<u>\$ 1,278,171</u>

\$102,666 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	\$ 385,374
2017	385,374
2018	301,881
2019	102,876
Total	<u>\$ 1,175,505</u>

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

Inflation	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

TALLAHATCHIE COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2015

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-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 9,270,058	\$ 7,032,939	\$ 5,176,549

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

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

(15) Deferred and Unearned Revenue.

Composition of Deferred Revenue. The deferred and unavailable revenue balance on the statement of net position is comprised of:

	Statement of Net position	Balance Sheet Governmental Funds
Property Tax Receivable	\$ 7,505,599	\$ 7,505,599
Fines Receivable	-0-	727,419
	<u>\$ 7,505,599</u>	<u>\$ 8,233,018</u>

(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 and 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 Tallahatchie County evaluated the activity of the county through August 1, 2018, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

During the 2016 fiscal year, the County entered into the following capital lease agreements:

Date	Description	Financial Institution	Amount of Lease	Inter est Rate	Maturity Date
4/21/2016	(5)2017 Mack Garbage Trucks	Tallahatchie County Bank	\$ 728,500.00	4%	5/1/2021
7/6/2016	(2)2017 Western Star Garbage Trucks	Tallahatchie County Bank	217,872.00	4%	7/6/2019
Total			<u>\$ 946,372.00</u>		

During the 2017 fiscal year, the County did not enter into any new debt agreements.

REQUIRED SUPPLEMENTARY INFORMATION

TALLAHATCHIE COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES				
Property Taxes	\$ 4,433,052	\$ 4,435,471	\$ 4,435,471	\$ -
Licenses, Commissions and Other Revenue	97,200	234,962	234,962	-
Fines and Forfeitures	67,000	84,227	84,227	-
Intergovernmental Revenues	394,629	743,526	743,526	-
Charges for Services	400,797	153,844	153,844	-
Interest Income	17,080	5,914	5,914	-
Rent	1,364,730	1,353,392	1,353,392	-
Miscellaneous Revenues	-	35,188	35,188	-
Total Revenues	<u>6,774,488</u>	<u>7,046,524</u>	<u>7,046,524</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	2,290,747	2,349,855	2,349,855	-
Public Safety	3,255,592	2,846,687	2,846,687	-
Health and Welfare	204,727	199,525	199,525	-
Culture and Recreation	133,494	142,848	142,848	-
Conservation of Natural Resources	83,282	78,600	78,600	-
Economic Development and Assistance	16,000	16,000	16,000	-
Debt Service	77,459	77,463	77,463	-
Capital Outlay	110,958	205,500	205,500	-
Total Expenditures	<u>6,172,259</u>	<u>5,916,478</u>	<u>5,916,478</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>602,229</u>	<u>1,130,046</u>	<u>1,130,046</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	99,157	100,514	100,514	-
Transfers Out	(191,342)	(238,096)	(238,096)	-
Total Other Financing Sources and Uses	<u>(92,185)</u>	<u>(137,582)</u>	<u>(137,582)</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>510,044</u>	<u>992,464</u>	<u>992,464</u>	<u>-</u>
FUND BALANCES				
Beginning of Year	<u>4,517,750</u>	<u>4,517,750</u>	<u>4,517,750</u>	<u>-</u>
Ending of Year	<u>\$ 5,027,794</u>	<u>\$ 5,510,214</u>	<u>\$ 5,510,214</u>	<u>\$ -</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL (NON-GAAP BASIS)
COUNTYWIDE ROAD MAINTENANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES				
Property Taxes	\$ 2,758,843	\$ 2,363,633	\$ 2,363,633	\$ -
Road & Bridge Privilege Tax	-	126,307	126,307	-
Intergovernmental Revenues	719,573	927,151	927,151	-
Interest Income	3,213	1,965	1,965	-
Miscellaneous Revenues	261,608	41,366	41,366	-
Total Revenues	<u>3,743,237</u>	<u>3,460,422</u>	<u>3,460,422</u>	<u>-</u>
EXPENDITURES				
Current:				
Countywide Road Maintenance	2,566,480	2,368,460	2,368,460	-
Capital Outlay	-	1,468,832	1,468,832	-
Debt Service	623,672	469,885	469,885	-
Total Expenditures	<u>3,190,152</u>	<u>4,307,177</u>	<u>4,307,177</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>553,085</u>	<u>(846,755)</u>	<u>(846,755)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sales Income	-	16,718	16,718	-
Debt Issuance	-	1,332,000	1,332,000	-
Total Other Financing Sources	<u>-</u>	<u>1,348,718</u>	<u>1,348,718</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>553,085</u>	<u>501,963</u>	<u>501,963</u>	<u>-</u>
FUND BALANCES				
Beginning of Year	<u>1,608,737</u>	<u>1,608,737</u>	<u>1,608,737</u>	<u>-</u>
Ending of Year	<u>\$ 2,161,822</u>	<u>\$ 2,110,700</u>	<u>\$ 2,110,700</u>	<u>\$ -</u>

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

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

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	\$ 7,032,939	\$ 5,463,633
County's proportionate share of the new pension liability (asset)	0.045497%	0.045012%
County's covered-employee payroll	2,842,419	2,750,444
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.427948%	198.645491%
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.

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

	2015	2014
Contractually required contribution	\$ 437,464	\$ 428,417
Contributions in relation to the contractually required contribution	437,464	428,417
Contribution deficiency (excess)	\$ -0-	\$ -0-
County covered-employee payroll	\$2,777,549	\$ 2,720,108
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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.

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

BUDGETARY COMPARISON SCHEDULE

A. Budgetary Information.

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

TALLAHATCHIE COUNTY, MISSISSIPPI
NOTES TO 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 Fund	Countywide Road Maintenance Fund
Budget (cash basis)	\$ 992,464	\$ 501,963
Increase (Decrease)		
Net adjustments for revenue accruals	(36,602)	171,756
Net adjustments for expenditure accruals	(54,594)	(6,350)
Other sources	(136,304)	-
GAAP Basis	<u>\$ 764,964</u>	<u>\$ 667,369</u>

PENSION SCHEDULES

D. 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 experience rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

OTHER INFORMATION

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

Name	Position	Company	Bond
Kenneth Havens	Supervisor District 1	Western Surety Company	\$ 100,000
Johnny Goodwin	Supervisor District 2	Western Surety Company	\$ 100,000
Larry Gene Cole	Supervisor District 3	EMC Insurance Companies	\$ 100,000
Marcus Echols	Supervisor District 4	Brierfield Insurance Company	\$ 100,000
Cary D. Hays	Supervisor District 5	Western Surety Company	\$ 100,000
Kelly Greenwood	County Engineer	RLI Surety	\$ 50,000
Randy S. Wolfe	County Administrator	Western Surety Company	\$ 100,000
Maura A. Melton	Inventory Clerk/Bookkeeper	Western Surety Company	\$ 95,000
Anita M. Greenwood	Chancery Clerk	Western Surety Company	\$ 100,000
Glenda Strandridge	Deputy Chancery Clerk	Western Surety Company	\$ 75,000
Mary E. McDaniel	Deputy Chancery Clerk	RLI Surety	\$ 50,000
Yolanda Hudson	Deputy Chancery Clerk	RLI Surety	\$ 75,000
Anita M. Greenwood	Purchase Clerk	Western Surety Company	\$ 75,000
Lakita Brown	Assistant Purchasing Clerk	Brierfield Insurance Company	\$ 50,000
Glenda Strandridge	Receiving Clerk	Brierfield Insurance Company	\$ 75,000
Yolanda Hudson	Receiving Clerk	Western Surety Company	\$ 75,000
Patrick Holmes	Deputy Receiving Clerk	RLI Surety	\$ 50,000
Mamie Crowder	Deputy Receiving Clerk	RLI Surety	\$ 50,000
Timothy Rideout	Road Manager	Western Surety Company	\$ 50,000
Jimmy Manues	Constable	Travelers	\$ 50,000
Clifton Bailey	Constable	Western Surety Company	\$ 50,000
Stephanie Sims	Circuit Clerk	Western Surety Company	\$ 100,000
Miranda Gail Lance	Deputy Circuit Clerk	Western Surety Company	\$ 100,000
Mia R. Logan	Deputy Circuit Clerk	Western Surety Company	\$ 100,000
Monica Presley	Deputy Circuit Clerk	RLI Surety	\$ 50,000
Monica Presley	Deputy Court Clerk	Western Surety Company	\$ 100,000
William L. Brewer, Jr.	Sheriff	RLI Surety	\$ 100,000
Martha B. McMullen	Sheriff's Dept Bookkeeper	RLI Surety	\$ 25,000
Martha B. McMullen	Sheriff's Dept Rec. Clerk	Western Surety Company	\$ 50,000
Various	Sheriff's Deputies	Various	\$ 50,000
Steve Ross	Justice Court Judge-District 1	FCCI Insurance Company	\$ 50,000
Denise Washington	Justice Court Judge-District 2	Western Surety Company	\$ 50,000
Bobby Kennedy	Justice Court Clerk-District 1	RLI Surety	\$ 50,000
Debbie Morrow	Justice Court Clerk-District 2	Western Surety Company	\$ 50,000
Ann-Margaret Kiihnl	Deputy Justice Court Clerk	RLI Surety	\$ 50,000
Mona Herring	Deputy Justice Court Clerk	Western Surety Company	\$ 50,000
Dorothy M. Martin	Tax Collector-Assessor	Western Surety Company	\$ 100,000
Shanta M. Shoemaker	Deputy Tax Collector	Western Surety Company	\$ 50,000
Sandra C. Goodwin	Deputy Tax Collector	Western Surety Company	\$ 50,000
Deltra A. Young	Deputy Tax Collector	Western Surety Company	\$ 50,000
Denetra M. Griffin	Deputy Tax Collector	Western Surety Company	\$ 50,000
Yolanda Davis	Deputy Tax Collector	RLI Surety	\$ 50,000

*The Sheriff has various deputies bonded. Selected deputies are bonded for \$50,000 with various insurance companies.

SPECIAL REPORTS



The Dwight L. Young Group

CERTIFIED PUBLIC ACCOUNTANTS

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
Tallahatchie County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 1, 2018. 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 State of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities, business-type activities, and Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

Compliance and Other Matters

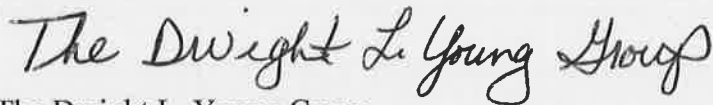
As part of obtaining reasonable assurance about whether Tallahatchie County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

Tallahatchie County's Responses to Findings

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

Purpose of this Report

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



The Dwight L. Young Group
Oxford, Mississippi
August 1, 2018



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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
Tallahatchie County, Mississippi

We examined Tallahatchie County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Tallahatchie 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 Tallahatchie 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, Tallahatchie County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

This report is intended for use in evaluating Tallahatchie County, Mississippi's compliance with the aforementioned requirements 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 L. Young Group

The Dwight L. Young Group

Oxford, Mississippi

August 1, 2018

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

TALLAHATCHIE COUNTY, MISSISSIPPI

Schedule 3

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

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



The Dwight L. Young Group

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tallahatchie County, Mississippi

In planning and performing our audit of the financial statements of Tallahatchie County, Mississippi for the year ended September 30, 2015, we considered Tallahatchie 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 Tallahatchie 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 August 1, 2018, on the financial statements of Tallahatchie 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 and other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of the management, the Board of Supervisors, 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
August 1, 2018

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2015

Section 1: Summary of Auditor's Results

Financial Statements:

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

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2015

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2015-001 Finding-Financial data for component units not included in the financial statements.

Condition: The financial statements of the County do not include the financial data of the County's legally separate component units.

Criteria: Accounting principles generally accepted in the United States of America require the financial data for the County's component units to be included in the financial data of the County unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. The County has not issued such reporting entity financial statements.

Cause: The County chose not to include the financial statements of its component units.

Effect: The failure to include the financial statements of the component units could result in the financial statements of the County to be misleading.

Recommendation: In order for the County to comply with accounting principles general accepted in the United States of America, the County should include the County's component units.

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

Material Weakness

2015-002 Finding-Liability for postemployment benefits not recorded

Condition: The County has not recorded a liability for other postemployment benefits nor reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

Criteria: GASB Statement 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Cause: The County did not have an annual actuarial evaluation.

Effect: The failure to include the accrual of the other postemployment benefits liability could result in the financial statements of the County to be misleading.

Recommendation: The Board of Supervisors should have an actuarial valuation performed annually so that the liability for the other postemployment benefits can be recorded and appropriate note disclosures can be made.

Response: The Board believes the liability associated with the Plan would be immaterial to the financial statements.

TALLAHATCHIE COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2015

Justice Court Clerk.

Material Weakness

2015-003 Finding-The Justice Court Clerk did not reconcile bank statements.

Condition: The Justice Court Clerk did not reconcile bank statements.

Criteria: Adequate controls should be in place to insure timely reconciliation of bank accounts.

Cause: Procedures have not been put in place to insure that all bank accounts are reconciled timely.

Recommendation: We recommend that the bank accounts be reconciled as soon as possible after the bank statement is received from the bank.

Response: Current Justice Court Clerk took the job in 2015. She stated that she did not know it needed to be done since the prior clerk did not reconcile the bank statements. She will reconcile bank statements going forward.

2015-004 Finding-Settlement reports and other records could not be located for the audit.

Condition: Settlement reports and several other records could not be located for the audit.

Criteria: Adequate controls should be in place to insure records are organized and kept for the appropriate amount of time.

Cause: Procedures have not been put in place to insure that all records are organized and kept for the appropriate amount of time.

Recommendation: We recommend that all records be organized and retained until acceptable to destroy.

Response: Past Justice Court Clerk put all of her records into boxes and could not be reached to question about missing records. Current Justice Court Clerk will keep better records going forward.

Circuit Clerk.

Material Weakness

2015-005 Finding-Accounts receivable reports could not be located for the audit.

Condition: Accounts receivable reports and several other records could not be located for the audit.

Criteria: Adequate controls should be in place to insure records are organized and kept for the appropriate amount of time.

Cause: Procedures have not been put in place to insure that all records are organized and kept for the appropriate amount of time.

Recommendation: We recommend that all records be organized and retained until acceptable to destroy.

Response: Past Circuit Clerk put all of her records into boxes when she left. The boxes were moved to storage on another floor and the missing records could not be located by the current or past circuit clerk. Current Circuit Clerk will keep better records going forward.