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**YAZOO COUNTY, MISSISSIPPI**

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

YAZOO COUNTY  
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YAZOO COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Yazoo 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 Yazoo County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

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

### **Qualified Opinions**

In our opinion, except for the effects of the matter discussed in “Basis for Qualified Opinions on Governmental Activities”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of Yazoo County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements do not include financial data for the county’s legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the county’s primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units 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 Yazoo 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 above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of Yazoo 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.

## 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 County's Proportionate Share of the Net Pension Liability, the County's Contribution, 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*

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

### *Supplemental and Other Information*

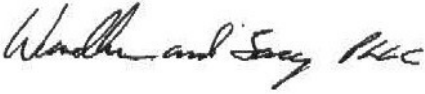
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Yazoo County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, on our consideration of Yazoo 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 Yazoo County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
March 15, 2017

YAZOO COUNTY

FINANCIAL STATEMENTS

YAZOO COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 9,046,182		9,046,182
Accrued interest receivable	173		173
Property tax receivable	6,568,148		6,568,148
Fines receivable, net of allowance for uncollectible of \$2,196,841	168,174		168,174
Intergovernmental receivables	238,754	829,634	1,068,388
Other receivables, net	102,549		102,549
Internal balances	11,571	(11,571)	
Capital assets, net:			
Land and construction in progress	2,223,497	75,000	2,298,497
Other capital assets, net	56,764,421	12,361,986	69,126,407
Restricted assets:			
Investments		3,349,292	3,349,292
Total Assets	<u>75,123,469</u>	<u>16,604,341</u>	<u>91,727,810</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	1,648,912	383,943	2,032,855
Deferred amount on refunding	37,325		37,325
Total Deferred Outflows of Resources	<u>1,686,237</u>	<u>383,943</u>	<u>2,070,180</u>
<b>LIABILITIES</b>			
Cash overdraft		195,388	195,388
Claims payable	1,186,291	119,964	1,306,255
Claims and judgements payable	417,967		417,967
Intergovernmental payables	258,939		258,939
Matured bonds and interest payable	48,110		48,110
Accrued interest payable	27,218	78,472	105,690
Other payables	209,363		209,363
Net pension liability	10,631,134	2,475,419	13,106,553
Long-term liabilities			
Due within one year:			
Capital related debt	1,318,060	684,964	2,003,024
Due in more than one year:			
Capital related debt	3,259,703	13,347,898	16,607,601
Non-capital debt	215,290	44,316	259,606
Total Liabilities	<u>17,572,075</u>	<u>16,946,421</u>	<u>34,518,496</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	6,568,148		6,568,148
Total Deferred Inflows of Resources	<u>6,568,148</u>	<u>0</u>	<u>6,568,148</u>

**(Continued)**

YAZOO COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1 (Continued)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
NET POSITION			
Net investment in capital assets	54,447,480	(1,595,876)	52,851,604
Restricted net position:			
General government	272,115		272,115
Public safety	736,650		736,650
Public works	2,734,365	1,637,739	4,372,104
Health and welfare	39,619		39,619
Economic development	181,899		181,899
Debt service	396,796		396,796
Capital projects	44		44
Unemployment compensation	148,907		148,907
Unassigned	(6,288,392)		(6,288,392)
Total Net Position	\$ 52,669,483	41,863	52,711,346

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

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

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Functions/Programs	Expenses				Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 4,843,850	616,105	144,927	166,584	(3,916,234)		(3,916,234)
Public safety	3,430,682	666,705	48,830		(2,715,147)		(2,715,147)
Public works	7,312,344	44,448	967,322	803,634	(5,496,940)		(5,496,940)
Health and welfare	662,219		250,251		(411,968)		(411,968)
Culture and recreation	242,415				(242,415)		(242,415)
Conservation of natural resources	143,926				(143,926)		(143,926)
Economic development and assistance	191,791		159,432		(32,359)		(32,359)
Interest on long-term debt	127,567				(127,567)		(127,567)
Pension expense	1,182,480				(1,182,480)		(1,182,480)
Total Governmental Activities	18,137,274	1,327,258	1,570,762	970,218	(14,269,036)	0	(14,269,036)
Business-type Activities:							
Regional jail	3,809,276	4,137,660				328,384	328,384
Total Business-type Activities	3,809,276	4,137,660	0	0	0	328,384	328,384
Total Primary Government	\$ 21,946,550	5,464,918	1,570,762	970,218	(14,269,036)	328,384	(13,940,652)

(Continued)

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

Exhibit 2 (Continued)

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General revenues:			
Taxes:			
Property taxes	\$ 10,279,347		10,279,347
Road & bridge privilege taxes	273,227		273,227
Grants and contributions not restricted to specific programs	2,264,796		2,264,796
Unrestricted investment income	105,607	317	105,924
Loss on sale of assets	(13,926)		(13,926)
Miscellaneous	677,606	58,378	735,984
Total General Revenues	<u>13,586,657</u>	<u>58,695</u>	<u>13,645,352</u>
Changes in Net Position	<u>(682,379)</u>	<u>387,079</u>	<u>(295,300)</u>
Net Position - Beginning , as previously reported	61,828,207	1,628,469	63,456,676
Prior period adjustment	<u>(8,476,345)</u>	<u>(1,973,685)</u>	<u>(10,450,030)</u>
Net Position - Beginning, as restated	<u>53,351,862</u>	<u>(345,216)</u>	<u>53,006,646</u>
Net Position - Ending	<u>\$ 52,669,483</u>	<u>41,863</u>	<u>52,711,346</u>

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

YAZOO COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2015

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>General County Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 4,321,504	1,356,488	3,368,190	9,046,182
Accrued interest receivable	173			173
Property tax receivable	3,083,203	1,975,000	1,509,945	6,568,148
Fines receivable, net of allowance for uncollectible of \$2,196,841	168,174			168,174
Intergovernmental receivables	163,426		75,328	238,754
Other receivables	65,813		36,736	102,549
Advances to other funds	63,571		4,234	67,805
Due from other funds		59,998	35,203	95,201
Total Assets	\$ <u>7,865,864</u>	<u>3,391,486</u>	<u>5,029,636</u>	<u>16,286,986</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Claims payable	\$ 841,391	179,921	164,979	1,186,291
Claims and judgements payable	417,967			417,967
Intergovernmental payables	258,939			258,939
Advances from other funds			56,234	56,234
Due to other funds	102,175			102,175
Matured bonds and interest payable			48,110	48,110
Other payables	202,389			202,389
Total Liabilities	<u>1,822,861</u>	<u>179,921</u>	<u>269,323</u>	<u>2,272,105</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	3,083,203	1,975,000	1,509,945	6,568,148
Unavailable revenue - fines	168,174			168,174
Total Deferred Inflows of Resources	<u>3,251,377</u>	<u>1,975,000</u>	<u>1,509,945</u>	<u>6,736,322</u>
<b>Fund Balances:</b>				
<b>Nonspendable</b>				
Advances	63,571			63,571
<b>Restricted</b>				
General government			272,115	272,115
Public safety			736,650	736,650
Public works		1,236,565	1,497,800	2,734,365
Capital projects			44	44
Health and welfare			39,619	39,619
Economic development			181,899	181,899
Unemployment compensation			148,907	148,907
Debt service			424,014	424,014
Unassigned	2,728,055		(50,680)	2,677,375
Total Fund Balances	<u>2,791,626</u>	<u>1,236,565</u>	<u>3,250,368</u>	<u>7,278,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>7,865,864</u>	<u>3,391,486</u>	<u>5,029,636</u>	<u>16,286,986</u>

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

## YAZOO COUNTY

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

		<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$	7,278,559
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets, net of accumulated depreciation of \$78,317,166, are used in governmental activities, are not financial resources and, therefore, are not reported in the funds.		58,987,918
Deferred amount on refunding		37,325
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Fines receivable, net of allowance for doubtful accounts \$2,196,841		168,174
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(4,793,053)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(27,218)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(10,631,134)	
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension obligations	<u>1,648,912</u>	<u>(8,982,222)</u>
Total net position - governmental activities (Exhibit 1)	\$	<u><u>52,669,483</u></u>

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



## YAZOO COUNTY

Exhibit 4

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

	Major Funds		Other	Total
	General Fund	General County Road Fund	Governmental Funds	Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 4,456,033	3,041,564	2,781,750	10,279,347
Road and bridge privilege taxes		273,227		273,227
Licenses, commissions and other revenue	534,810		7,046	541,856
Fines and forfeitures	168,640		1,467	170,107
Intergovernmental revenues	2,517,359	807,527	1,400,890	4,725,776
Charges for services	133,470		514,843	648,313
Interest income	92,897	4,049	8,662	105,608
Miscellaneous revenues	368,012	112,009	197,493	677,514
Total Revenues	<u>8,271,221</u>	<u>4,238,376</u>	<u>4,912,151</u>	<u>17,421,748</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,124,476		321,811	5,446,287
Public safety	2,772,785		681,331	3,454,116
Public works		3,061,277	2,004,165	5,065,442
Health and welfare	205,385		482,768	688,153
Culture and recreation	242,415			242,415
Conservation of natural resources	146,963			146,963
Economic development and assistance	33,956		173,144	207,100
Debt service:				
Principal	74,339	555,415	1,065,720	1,695,474
Interest	2,757	23,784	94,861	121,402
Fiscal agent fees			1,875	1,875
Total Expenditures	<u>8,603,076</u>	<u>3,640,476</u>	<u>4,825,675</u>	<u>17,069,227</u>
Excess of Revenues over (under) Expenditures	<u>(331,855)</u>	<u>597,900</u>	<u>86,476</u>	<u>352,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued		271,270		271,270
Transfers in			34,659	34,659
Transfers out	(34,659)			(34,659)
Total Other Financing Sources and Uses	<u>(34,659)</u>	<u>271,270</u>	<u>34,659</u>	<u>271,270</u>
Net Changes in Fund Balances	(366,514)	869,170	121,135	623,791
Fund Balances - Beginning	<u>3,158,140</u>	<u>367,395</u>	<u>3,129,233</u>	<u>6,654,768</u>
Fund Balances - Ending	<u>\$ 2,791,626</u>	<u>1,236,565</u>	<u>3,250,368</u>	<u>7,278,559</u>

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

YAZOO COUNTY

Exhibit 4-1

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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	623,791
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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 depreciation \$3,884,773 exceeded capital outlays \$1,620,260.	(2,264,513)
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In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources and loss from the sale of capital assets decrease financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$13,926 and the proceeds of sales of capital assets of \$0.00.	(13,926)
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Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	46,979
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt issued of \$271,270, debt repayments of \$1,695,474, and related amortization of premiums of \$2,438.	1,426,642
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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:	
Amortization of refunding charges on long-term debt	(4,585)
Change in compensated absences	13,127
Accrued interest payable	(4,017)

Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(1,182,480)
Recognition of contributions made subsequent to the measurement date	177,456
Recognition of contributions made in the fiscal year prior to measurement date	499,147
	(505,877)

Change in net position of governmental activities (Exhibit 2)	\$	<u>(682,379)</u>
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The notes to the financial statements are an integral part of this statement.

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

Exhibit 5

	Business-type Activities - Governmental Enterprise Fund Regional Jail Fund
<b>ASSETS</b>	
Current Assets:	
Accounts receivable	
Housing prisoners	\$ 829,634
Total Current Assets	<u>829,634</u>
Noncurrent Assets:	
Restricted assets	
Investments - cash equivalent	3,349,292
Capital assets:	
Land and construction in progress	75,000
Other capital assets, net	<u>12,361,986</u>
Total Noncurrent Assets	<u>15,786,278</u>
 Total Assets	 <u>16,615,912</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pension	<u>383,943</u>
Total Deferred Outflows of Resources	<u>383,943</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Cash overdraft	195,388
Claims payable	119,964
Advances from other funds	11,571
Compensated absences	44,316
Interest payable	<u>78,472</u>
Total Current Liabilities	<u>449,711</u>
Noncurrent Liabilities:	
Net pension liability	2,475,419
Bonds payable	<u>14,032,862</u>
Total Noncurrent Liabilities	<u>16,508,281</u>
 Total Liabilities	 <u>16,957,992</u>
 <b>NET POSITION</b>	
Net investment in capital assets	(1,595,876)
Restricted for:	
Public safety	<u>1,637,739</u>
 Total Net Position	 \$ <u><u>41,863</u></u>

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

## YAZOO COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended September 30, 2015

	Business-type Activities - Governmental Enterprise Fund Regional Jail Fund
Operating Revenues	
Charges for services	\$ 4,137,660
Miscellaneous	58,378
Total Operating Revenues	<u>4,196,038</u>
Operating Expenses	
Personal services	1,681,019
Contractual services	933,515
Materials and supplies	252,938
Depreciation expense	283,874
Total Operating Expenses	<u>3,151,346</u>
Operating Income (Loss)	<u>1,044,692</u>
Nonoperating Revenues (Expenses)	
Interest expense	(657,930)
Interest income	317
Capital/operating grants	
Net Nonoperating Revenue (Expenses)	<u>(657,613)</u>
Changes in Net Position	<u>387,079</u>
Net Position - Beginning, as previously reported	1,628,469
Prior period adjustment	(1,973,685)
Net Position - Beginning, as restated	<u>(345,216)</u>
Net Position - Ending	\$ <u><u>41,863</u></u>

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

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

Exhibit 7

	Business-type Activities - Governmental Enterprise Fund Regional Jail Fund
Cash Flows From Operating Activities	
Miscellaneous receipts	\$ 58,378
Charges for services	4,375,316
Payments to suppliers	(1,142,103)
Payments to employees	(1,549,695)
Net Cash Provided (Used) by Operating Activities	<u>1,741,896</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	19,338
Acquisition and construction of capital assets	(19,188)
Principal paid on debt	(664,965)
Interest paid on debt	(646,233)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,311,048)</u>
Cash Flows From Investing Activities	
Interest on deposits	317
Net Cash Provided (Used) by Investing Activities	<u>317</u>
Net Increase (Decrease) in Cash and Cash Equivalents	431,165
Cash and Cash Equivalents at Beginning of Year	<u>2,722,739</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>3,153,904</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>1,044,692</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	283,874
(Increase) decrease in accounts receivable	237,656
(Increase) decrease in deferred outflows of resources	(342,616)
Increase (decrease) in claims payable	44,350
Increase (decrease) in pension liability	460,407
Increase (decrease) in compensated absences liability	13,533
Total Adjustments	<u>697,204</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>1,741,896</u></u>

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

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

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 272,266
Due from other funds	<u>6,974</u>
Total Assets	\$ <u><u>279,240</u></u>
LIABILITIES	
Other liabilities	\$ <u>279,240</u>
Total Liabilities	\$ <u><u>279,240</u></u>

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

## YAZOO COUNTY

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Yazoo 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 Yazoo 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 the following component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Yazoo County Port Commission

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
- Tax Collector
- Sheriff

##### B. Individual Component Unit Disclosures.

###### Blended Component Units

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

- Yazoo County Human Resource Agency

## YAZOO COUNTY

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

#### C. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements, 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 and its blended component unit. 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.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the county's primary government 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, 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 are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented as Other Governmental Funds in a single column.

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

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



## YAZOO COUNTY

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

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 all activities of the general government for which a separate fund has not been established.

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

The county reports the following major Proprietary Fund:

Regional Jail - This fund is used to account for the activities of the regional jail.

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

## YAZOO COUNTY

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

#### 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.

#### PROPRIETARY FUND TYPE

Enterprise Fund - This fund is used to account for the 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.

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

# YAZOO COUNTY

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

### I. Capital Assets.

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

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. Interest cost incurred during the construction of Proprietary Fund capital assets is capitalized as part of the cost of construction. Donated capital assets are recorded at their fair value at the time of donation.

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

	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.

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

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The county reports the following item in this category:

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.

## YAZOO COUNTY

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

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

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The county reports the following items in this category:

#### Statement of Net Position:

Property tax for future reporting period - 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.

#### Governmental Funds Balance Sheet:

Property tax for future reporting period - 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 and solid waste fees - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

#### K. Pensions.

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

#### L. Long-term Liabilities.

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

## YAZOO COUNTY

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

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 Fund Statement of Net Position.

Bond premiums and discounts are deferred and amortized over the life of the bonds.

#### M. Equity Classifications.

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as Net Position on the government-wide and proprietary funds financial statements and as Fund Balance on the governmental funds financial statements.

##### Government-wide Financial Statements:

GAAP requires that net position be subdivided into three categories:

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

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

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

##### Net Position Flow Assumption:

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

##### Fund Financial Statements:

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

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the county classifies governmental fund balances as follows:

*Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

## YAZOO COUNTY

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

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

*Unassigned fund balance* includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

#### Fund Balance Flow Assumption:

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

#### N. Property Tax Revenues.

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

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

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

#### O. Intergovernmental Revenues in Governmental Funds.

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

# YAZOO COUNTY

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

### P. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements 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.

### Q. Changes in Accounting Standards.

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

### (2) Prior Period Adjustments

A summary of significant equity adjustments is as follows:

#### Exhibit 2 - Statement of Activities:

#### Explanation

#### Governmental Activities:

#### Implementation of GASB 68 and 71:

Net pension liability (09/30/2014)	\$	8,653,832	
Deferred outflows - contributions made during fiscal year 2014		(177,487)	
Total prior period adjustment related to GASB 68 and 71			<u>8,476,345</u>
Total prior period governmental activities adjustments	\$		<u><u>8,476,345</u></u>

#### Business-type Activities:

#### Implementation of GASB 68 and 71:

Net pension liability (09/30/2014)	\$	2,015,012	
Deferred outflows - contributions made during fiscal year 2014		(41,327)	
Total prior period adjustment related to GASB 68 and 71			<u>1,973,685</u>
Total prior period governmental activities adjustments	\$		<u><u>1,973,685</u></u>

(Continued)

# YAZOO COUNTY

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

### Exhibit 5 - Statement of Net Position - Proprietary Fund:

#### Explanation

#### Regional Jail Fund:

#### Implementation of GASB 68 and 71:

Net pension liability (09/30/2014)	\$	2,015,012	
Deferred outflows - contributions made during fiscal year 2014		(41,327)	
Total prior period adjustment related to GASB 68 and 71			<u>1,973,685</u>
Total prior period adjustments	\$		<u><u>1,973,685</u></u>

#### (3) Deposits and Investments.

#### Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2015, was \$9,123,060, and the bank balance was \$9,820,797. 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.

**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.

#### Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the operations of the Yazoo County Regional Correctional Facility:

Investments balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Government Money Market Fund	Less than one year	\$ 3,349,292	AAAm

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



# YAZOO COUNTY

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

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

### (4) Interfund Transactions and Balances.

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

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General County Road	General Fund	\$ 59,998
Other Governmental Funds	General Fund	35,203
Agency Funds	General Fund	<u>6,974</u>
Total		\$ <u>102,175</u>

Amounts listed are the tax revenues collected but not settled until October, 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Proprietary Fund	\$ 11,571
General Fund	Other Governmental Funds	52,000
Other Governmental Funds	Other Governmental Funds	<u>4,234</u>
Total		\$ <u>67,805</u>

Amounts listed represent amounts paid in 2010 for the Regional Jail construction and matching funds to start up Human Resource Agency federal programs in fiscal year 2005.

#### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>34,569</u>
Total		\$ <u>34,569</u>

The purpose of this interfund transfer was to provide funds for Human Resource Agency grant matches.

YAZOO COUNTY

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

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 117,767
CDBG Grant	39,292
Homeland security grants	22,144
Highway safety grant	6,550
Human Resource Agency grants	36,036
Other state sources	<u>16,965</u>
Total Governmental Activities	\$ <u>238,754</u>
Business-type Activities:	
State of Mississippi for housing inmates	\$ 237,833
Local governments for housing inmates	<u>591,801</u>
Total Business-type Activities	\$ <u>829,634</u>

(6) Capital Assets.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,293,543	90,000		1,383,543
Construction in progress	<u>29,871</u>	<u>810,082</u>		<u>839,953</u>
Total capital assets, not being depreciated	<u>1,323,414</u>	<u>900,082</u>	<u>0</u>	<u>2,223,496</u>
Capital assets, being depreciated:				
Buildings	6,178,999	220,000		6,398,999
Improvements other than buildings	3,425,186			3,425,186
Mobile equipment	4,415,600	223,908	98,074	4,541,434
Furniture and equipment	1,033,827	5,000	41,163	997,664
Property under capital leases	4,968,876	271,270		5,240,146
Infrastructure	<u>114,478,158</u>			<u>114,478,158</u>
Total capital assets being depreciated	<u>134,500,646</u>	<u>720,178</u>	<u>139,237</u>	<u>135,081,587</u>

(Continued)

YAZOO COUNTY

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

	Beginning Balance	Increases	Decreases	Ending Balance
Less: Accumulated depreciation for:				
Buildings	2,249,606	126,467		2,376,073
Improvements other than buildings	2,740,149			2,740,149
Mobile equipment	3,318,243	243,730	88,265	3,473,708
Furniture and equipment	901,725	15,161	37,046	879,840
Property under capital leases	1,798,224	652,651		2,450,875
Infrastructure	63,549,757	2,846,764		66,396,521
Total accumulated depreciation	<u>74,557,704</u>	<u>3,884,773</u>	<u>125,311</u>	<u>78,317,166</u>
Total capital assets, being depreciated, net	<u>59,942,942</u>	<u>(3,164,595)</u>	<u>13,926</u>	<u>56,764,421</u>
Governmental activities capital assets, net	<u>\$ 61,266,356</u>	<u>(2,264,513)</u>	<u>13,926</u>	<u>58,987,917</u>

\* Adjustments are made to move completed construction projects to infrastructure assets.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 75,000			75,000
Total capital assets, not being depreciated	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>75,000</u>
Capital assets, being depreciated:				
Buildings	14,020,892			14,020,892
Mobile equipment	49,965			49,965
Furniture and equipment	33,513			33,513
Property under capital lease		19,188		19,188
Total capital assets being depreciated	<u>14,104,370</u>	<u>19,188</u>	<u>0</u>	<u>14,123,558</u>
Less: Accumulated depreciation for:				
Buildings	1,402,095	280,419		1,682,514
Mobile equipment	44,969			44,969
Furniture and equipment	30,634			30,634
Property under capital lease		3,455		3,455
Total accumulated depreciation	<u>1,477,698</u>	<u>283,874</u>	<u>0</u>	<u>1,761,572</u>
Total capital assets, being depreciated, net	<u>12,626,672</u>	<u>(264,686)</u>	<u>0</u>	<u>12,361,986</u>
Business-type activities capital assets, net	<u>\$ 12,701,672</u>	<u>(264,686)</u>	<u>0</u>	<u>12,436,986</u>

# YAZOO COUNTY

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

Depreciation expense was charged to the following functions:

	Governmental Funds	Proprietary Funds
Governmental activities:		
General government	\$ 182,187	
Public safety	167,601	283,874
Public works	3,526,837	
Health and welfare	8,148	
Total depreciation expense - governmental activities	\$ 3,884,773	283,874

### (7) Deferred Outflows of Resources.

The county reports the following item in this category:

Government-wide Statement of Net Position/Proprietary Fund Statement of Net Position:

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. Refer to Note 8 for additional details.

### (8) Defined Benefit Pension Plan.

General Information about the Pension Plan

**Plan Description.** Yazoo County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the county. Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

**Benefits Provided.** 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 become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% 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 2.50% for each additional year of credited 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

# YAZOO COUNTY

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

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 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 percent compounded for each fiscal year thereafter.

Contributions. Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00 percent of their annual pay, while the county's required contribution rate was 15.75 percent of annual covered payroll. The county's employer contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$834,148, \$835,199 and \$766,425, respectively. The contributions for each year met the required contributions.

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

At September 30, 2015, Yazoo County reported a liability of \$13,106,553 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 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the county's proportion was .084788 percent, which was a decrease of 0.003117 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, Yazoo County recognized pension expense of \$1,457,816.

At September 30, 2015, Yazoo County reported as components of pension expense, deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 201,703
Net difference between projected and actual earnings on pension plan investments	766,874
Change in assumption	1,129,085
Changes in proportion and differences between entity contributions and proportionate share of contributions	(283,583)
County contributions subsequent to the measurement date	<u>218,776</u>
Total	<u>\$ 2,032,855</u>

These amounts will be amortized as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2016	\$ 576,721
2017	576,721
2018	468,919
2019	<u>191,718</u>
Total	<u>\$ 1,814,079</u>

# YAZOO COUNTY

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

\$218,776 reported as deferred outflows of resources related to pensions resulting from entity contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016.

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

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

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

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

# YAZOO COUNTY

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

### Sensitivity of the entity's proportionate share of the net pension liability to changes in the discount rate.

The following table presents the county's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75% , as well as what the county's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability \$	17,275,637 \$	13,106,553 \$	9,646,992

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

### (9) Claims and Judgments.

#### Risk Financing.

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

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2014 and 2015:

	2014	2015
Claims Liability, Beginning of Fiscal Year	\$ 216,834	233,695
Incurred Claims	2,169,820	2,670,746
Less: Claim Payments	(2,152,959)	(2,486,474)
Claims Liability, End of Fiscal Year	\$ 233,695	417,967

# YAZOO COUNTY

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

### (10) Capital Leases.

As Lessee:

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

Asset:	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 5,240,146	19,188
Less: Accumulated depreciation	(2,450,875)	(3,455)
Total	\$ 2,789,271	15,733

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

Year Ending September 30:	Governmental Activities	
	Principal	Interest
2016	\$ 789,069	27,817
2017	659,310	13,716
2018	86,395	1,867
Total	\$ 1,534,774	43,400

Year Ending September 30:	Business-type Activities	
	Principal	Interest
2016	\$ 4,964	296
2017	4,520	200
2018	4,889	101
Total	\$ 14,373	597

### (11) Other Postemployment Benefits.

Plan Description.

The Yazoo County Board of Supervisors administers the county's health insurance plan which is authorized by Section 25-15-101 et seq., Miss. Code Ann. (1972). The county's health insurance plan may be amended by the Yazoo County Board of Supervisors. The county provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the county's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement 45 as an agent multiple-employer 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. The county does not issue a publicly available financial report for the Plan.



YAZOO COUNTY

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

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities</b>			
A. General Obligation Bonds:			
2012 general obligation bond	\$ 1,870,000	1.6%-2.25%	10/01/21
2002A refunding bond	80,000	4.38%	01/01/16
2010 refunding bond	<u>910,000</u>	3.0%-3.50%	02/01/20
Total General Obligation Bonds	<u>\$ 2,860,000</u>		
B. Loans:			
Fire trucks	\$ <u>167,285</u>	2.00%	04/01/19
Total Loans	<u>\$ 167,285</u>		
C. Capital Leases:			
Solid waste equipment	\$ 222,777	1.37%	11/16/16
Solid waste equipment	57,371	1.63%	09/12/16
2015 Caterpillar excavator	201,268	2.14%	04/09/18
Computer upgrade	9,347	3.41%	02/15/16
Two Mack trucks	91,988	1.90%	06/01/17
Paver	74,833	1.90%	05/01/16
Sheriff's vehicles	93,683	1.60%	09/01/16
Road equipment	85,965	1.62%	04/04/17
Defibrillators	26,774	4.59%	10/31/16
Road equipment	570,621	1.77%	08/01/17
Sheriff's truck	18,651	2.18%	08/04/18
Search & rescue boat	32,680	2.18%	07/09/18
Tractor & mower	<u>48,816</u>	1.56%	10/28/17
Total Capital Leases	<u>\$ 1,534,774</u>		
<b>Business-type Activities</b>			
A. Bonds:			
Regional Jail	\$ <u>14,225,000</u>	2.00%- 4.85%	07/01/31
B. Capital Lease:			
2014 Dodge Ram 1500	\$ <u>14,374</u>	2.03%	11/10/17

# YAZOO COUNTY

## 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 Assets are as follows:

### Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Loans	
	Principal	Interest	Principal	Interest
2016	\$ 485,000	63,397	43,991	2,936
2017	420,000	51,112	44,879	2,048
2018	435,000	41,497	45,785	1,142
2019	450,000	30,979	32,630	249
2020	470,000	19,334		
2021-2022	600,000	13,465		
Total	\$ 2,860,000	219,784	167,285	6,375

### Business-type Activities:

Year Ending September 30:	Limited Obligation Bonds	
	Principal	Interest
2016	\$ 680,000	625,584
2017	700,000	602,634
2018	725,000	577,258
2019	755,000	549,709
2020	785,000	519,508
2021-2025	4,450,000	2,070,050
2026-2030	5,560,000	964,047
2031	570,000	27,645
Total	\$ 14,225,000	5,936,435

**Pledge of Future Revenues** - The county has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$17,745,000 in limited obligation urban renewal revenue bonds issued in July 2009. Proceeds from the bonds provided financing for the construction of the Yazoo County Regional Correctional Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through July 1, 2031. In addition, a portion of the proceeds from these bonds was used to purchase a financial guaranty insurance policy that unconditionally and irrevocably guarantees the payment of principal and interest on these bonds as such payments become due. The total principal and interest remaining to be paid on the bonds is \$20,161,435.

**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 0.68% of the latest property assessments.

# YAZOO COUNTY

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

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

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 228,414		13,127	215,287	
General obligation bonds	3,675,000		815,000	2,860,000	485,000
Add: Bond premium	18,142		2,438	15,704	
	<u>3,921,556</u>	<u>0</u>	<u>830,565</u>	<u>3,090,991</u>	<u>485,000</u>
Other Loans	229,618		62,333	167,285	43,991
Capital leases	<u>2,081,645</u>	<u>271,270</u>	<u>818,141</u>	<u>1,534,774</u>	<u>789,069</u>
Total	<u>\$ 6,232,819</u>	<u>271,270</u>	<u>1,711,039</u>	<u>4,793,050</u>	<u>1,318,060</u>
Business-type Activities:					
Regional Jail:					
Bonds	\$ 14,885,000		660,000	14,225,000	680,000
Less: Bond discount	(220,512)		(14,001)	(206,511)	
	<u>14,664,488</u>	<u>0</u>	<u>645,999</u>	<u>14,018,489</u>	<u>680,000</u>
Capital leases	0	19,338	4,965	14,373	4,964
Compensated absences	<u>30,783</u>	<u>13,533</u>		<u>44,316</u>	<u>0</u>
Total	<u>\$ 14,695,271</u>	<u>32,871</u>	<u>650,964</u>	<u>14,077,178</u>	<u>684,964</u>

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

### (13) Deficit Fund Balances of Individual Funds.

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

Fund	Amount
Governmental Activities	
Human Resource Agency:	
Foster grandparents fund	\$ 13,619
Transportation	6,369
Congregate meals	25,672
Title V	<u>5,021</u>
Total	<u>\$ 50,681</u>

## YAZOO COUNTY

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

#### (14) 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.

#### (15) Related Organizations.

The Board of Supervisors is responsible for appointing a voting majority of the members of the boards of the following organizations, but the county's accountability for these organizations do not extend beyond making appointments. The county periodically makes small appropriations to these organizations:

Eden Drainage District  
Silver Creek Drainage District  
Fifteen Mile Bayou Water Management District  
Rocky Bayou Drainage District  
Atchafalaya Drainage District  
Yazoo County Convention and Visitor's Bureau

#### (16) Joint Ventures.

The county participates in the following joint venture:

Yazoo County participates with Yazoo City in a joint venture, authorized by Senate Bill 2954, Laws of 1979, to operate the Yazoo Recreation Commission. The joint venture was created to manage recreation facilities in both the city and county and is governed by a ten-member board, with five members appointed by Yazoo City and five members appointed by the Yazoo County Board of Supervisors. By contractual agreement, the county's appropriation to the joint venture was \$63,665 in fiscal year 2015. Complete financial statements for the Yazoo Recreation Commission can be obtained from the Yazoo Recreation Commission, P.O. Box 9, Yazoo City, MS 39194.

#### (17) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Yazoo County Board of Supervisors appoints two of the 22 members of the board of trustees. The county appropriated \$591,898 for maintenance and support of the college in fiscal year 2015.

# YAZOO COUNTY

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

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Yazoo County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county appropriated \$31,173 for support of the district in fiscal year 2015.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Yazoo County Board of Supervisors appoints three of the 33 members of the board of directors. The county appropriated \$6,546 for support of the district in fiscal year 2015.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Rankin, Scott, Smith, Warren and Yazoo. The Yazoo County Board of Supervisors appoints two of the 26 members of the board. The county provides minimal support for the district.

### (18) Subsequent Events.

Yazoo County has evaluated events and transactions for potential recognition or disclosure through March 15, 2017, which is the date the financial statements were available to be issued. The following transactions were determined to be applicable for disclosure in the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
07/01/2016	3.00% - 5.00%	\$ 14,165,000	Special Obligation Refunding Bond Correctional Facility Refunding Project	Fees for housing prisoners E911 fees
12/01/2015	6.47%	287,026	Lease purchase	
10/01/2015	None	75,951	Note-agreed final judgement Section 42	Ad valorem taxes
12/03/2015	2.295%	86,432	Lease purchase	Ad valorem taxes
01/15/2016	2.295%	229,726	Lease purchase	Ad valorem taxes
06/06/2016	1.65%	2,227,452	Lease purchase	Ad valorem taxes

YAZOO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,736,850	4,518,796	4,518,796	
Licenses, commissions and other revenue	400,000	439,020	439,020	
Fines and forfeitures	144,610	162,554	162,554	
Intergovernmental revenues	2,632,633	2,309,354	2,309,354	
Charges for services		133,470	133,470	
Interest income	92,240	95,148	95,148	
Miscellaneous revenues	192,000	285,616	285,616	
Total Revenues	<u>7,198,333</u>	<u>7,943,958</u>	<u>7,943,958</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,780,303	4,853,488	4,853,488	
Public safety	2,493,746	2,943,093	2,943,093	
Health and welfare	194,040	188,968	188,968	
Culture and recreation	211,075	224,825	224,825	
Conservation of natural resources	145,134	142,331	142,331	
Economic development and assistance	49,035	33,673	33,673	
Debt service:				
Principal		74,339	74,339	
Interest		2,757	2,757	
Total Expenditures	<u>7,873,333</u>	<u>8,463,474</u>	<u>8,463,474</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(675,000)</u>	<u>(519,516)</u>	<u>(519,516)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out		(34,659)	(34,659)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(34,659)</u>	<u>(34,659)</u>	<u>0</u>
Net Change in Fund Balance	(675,000)	(554,175)	(554,175)	0
Fund Balances - Beginning	<u>800,000</u>	<u>4,190,173</u>	<u>4,190,173</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 125,000</u>	<u>3,635,998</u>	<u>3,635,998</u>	<u>0</u>

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

YAZOO COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General County Road  
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,502,716	3,042,813	3,042,813	
Road and bridge privilege taxes	272,902	273,659	273,659	
Intergovernmental revenues	626,101	807,527	807,527	
Interest income	615	4,049	4,049	
Miscellaneous revenues	3,200	112,009	112,009	
Total Revenues	<u>3,405,534</u>	<u>4,240,057</u>	<u>4,240,057</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,005,000	2,756,750	2,756,750	
Principal	485,534	555,415	555,415	
Interest		23,784	23,784	
Total Expenditures	<u>3,490,534</u>	<u>3,335,949</u>	<u>3,335,949</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(85,000)</u>	<u>904,108</u>	<u>904,108</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt		271,270	271,270	
Total Other Financing Sources and Uses	<u>0</u>	<u>271,270</u>	<u>271,270</u>	<u>0</u>
Net Change in Fund Balance	(85,000)	1,175,378	1,175,378	0
Fund Balances - Beginning	<u>85,000</u>	<u>524,869</u>	<u>524,869</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>1,700,247</u>	<u>1,700,247</u>	<u>0</u>

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



YAZOO COUNTY  
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 proportionate share of the net pension liability (asset)	0.084788 %	0.087895 %
County's proportion of the net pension liability (asset)	\$ 13,106,553	\$ 10,668,844
County's covered-employee payroll	\$ 5,296,419	\$ 5,370,825
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.460650 %	226.001929 %
Plan fiduciary net position as a percentage of the total pension liability	61.703983 %	67.207687 %

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the County has only presented information for the years in which information was available.

YAZOO COUNTY  
Schedule of the County's Contributions  
PERS  
Last 10 Fiscal Years\*

	<u>2015</u>
Contractually required contribution	\$ 834,148
Contributions in relation to the contractually required contribution	<u>834,148</u>
Contribution deficiency (excess)	<u>\$ 0</u>
County's covered-employee payroll	\$ 5,296,178
Contributions as a percentage of covered-employee payroll	15.75 %

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the County has only presented information for the years in which information was available.

# YAZOO COUNTY

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

### (1) Budget

#### A. Budgetary Information.

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

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

#### B. Basis of Presentation.

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

#### C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	General County Road
Net Change in Fund Balance - Budget (Cash Basis)	\$ (554,175)	1,175,378
Increase (decrease):		
Net adjustments for revenue accruals	327,263	(1,681)
Net adjustments for expenditure accruals	(139,602)	(304,527)
Net Change in Fund Balance GAAP Basis	\$ (366,514)	869,170

## YAZOO COUNTY

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

#### (2) Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions

##### Changes of Assumptions.

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

YAZOO COUNTY

SUPPLEMENTAL INFORMATION

YAZOO COUNTY  
Schedule of Expenditures of Federal Awards  
September 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Agriculture Rural Housing Service/Community Facilities Grant	* 10.766			\$ 50,000
U.S. Department of Housing and Urban Development/ Mississippi Development Authority/ Community Development Block Grant	14.228	CDBG 2014	1131-14-082-PF-01	86,584
U.S. Department of Housing and Urban Development/ Mississippi Development Authority/ HOME Investments Partnerships Program	14.239	1222-HOME 2010 SLG	1222-M10-SG-280993	2,800
U.S. Department of Transportation/ Federal Aviation Administration/ Airport Improvement Program	* 20.106	3-28-0102-014-2014	N/A	489,447
U.S. Department of Transportation/ Mississippi Department of Transportation/ Highway Planning and Construction Bridge Inspection	20.205		BR NBIS 081 B(82)	44,140
U.S. Department of Transportation/ Mississippi Department of Public Safety/ State and Community Highway Safety	20.600		15-MD-182-1	26,201
Aging Cluster: U.S. Department of Health and Human Services/ Passed-through Central Mississippi Planning and Development District: Title IIIB - Grants for Supportive Services and Senior Centers	93.044		1075-77	52,156
Title IIIC-1 - Nutrition Services	93.045/93.053		1193-77	22,773
Title IIIC-2 - Nutrition Services	93.045/93.053		1215-77	138,248
Total Aging Cluster				<u>213,177</u>

**(Continued)**

YAZOO COUNTY  
Schedule of Expenditures of Federal Awards  
September 30, 2015

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Health and Human Services/ Passed-through Central Mississippi Planning and Development District/ Social Services Block Grant	93.667		1555-77	29,520
U.S. Department of Health and Human Services/ Passed- through Central Mississippi Planning and Development District/ Medical Assistance Program	93.778	07774516	1695-77	4,707
Foster Grandparent Program U.S. Corporation for National and Community Service	94.011	11GXSMS001	N/A	<u>131,802</u>
Total Expenditures of Federal Awards				\$ <u><u>1,078,378</u></u>

\* Denotes major program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Operating Expenditures, Cash Basis:

Salaries	\$ 252,356
Expendable Commodities:	
Gasoline and petroleum products	57,874
Repair parts	9,618
Office, field and shop supplies	6,874
Solid contract and disposal fee	254,678
Insurance	<u>842</u>

Solid Waste Cash Basis Operating Expenditures 582,242

Full Cost Expenses:

Indirect administrative costs	2,000
Depreciation on equipment	125,843
Net effect of other accrued expenses	<u>3,886</u>

Solid Waste Full Cost Operating Expenses \$ 713,971



## YAZOO COUNTY

## OTHER INFORMATION

YAZOO COUNTY

Schedule of Surety Bonds for County Officials - UNAUDITED

For the Year Ended September 30, 2015

Name	Position	Company	Bond
Caleb Rivers	Supervisor District 1	Western Surety	\$100,000
David Ford Berry, III	Supervisor District 2	Fidelity & Deposit Company of Maryland	\$100,000
Willie Wright	Supervisor District 3	Fidelity & Deposit Company of Maryland	\$100,000
Jayne H. Dew	Supervisor District 4	Western Surety	\$100,000
Cobie Collins	Supervisor District 5	Brierfield Insurance Company	\$100,000
Donna Kraft	County Administrator	Fidelity & Deposit Company of Maryland	\$100,000
Quint Carver	Chancery Clerk	Brierfield Insurance Company	\$100,000
Robert Coleman	Circuit Clerk	Western Surety	\$100,000
Travis Crimm	Tax Collector	Travelers Casualty & Surety	\$100,000
Beverly Ladner	Tax Assessor	Fidelity & Deposit Company of Maryland	\$50,000
Jake Sheriff	Sheriff	Western Surety	\$100,000
Bennie K. Warrington	Justice Court Judge	Travelers Casualty & Surety	\$50,000
Pam I. May	Justice Court Judge	Brierfield Insurance Company	\$50,000
Demetrius Westbrook	Justice Court Clerk	Fidelity & Deposit Company of Maryland	\$50,000
Heather Nicholson	Deputy Justice Court Clerk	Western Surety	\$50,000
BreAnna Taylor	Deputy Justice Court Clerk	Western Surety	\$50,000
David Staring	Constable	State Farm Fire & Casualty	\$50,000
Richard Smith	Constable	Western Surety	\$50,000
Jessica Veazey	Purchase Clerk	Fidelity & Deposit Company of Maryland	\$75,000
Tricia Y. Brumfield	Receiving Clerk	Western Surety	\$75,000
Wade Woods	Assistant Receiving Clerk	Fidelity & Deposit Company of Maryland	\$50,000
Howard Neal Hisaw	Assistant Receiving Clerk	Western Surety	\$50,000
Glenda Fisher	Assistant Receiving Clerk	Fidelity & Deposit Company of Maryland	\$100,000
Casandra Davis	Assistant Receiving Clerk	Fidelity & Deposit Company of Maryland	\$50,000
Nellie Hollis	Assistant Receiving Clerk	Fidelity & Deposit Company of Maryland	\$50,000
Patty Fletcher	Inventory Control Clerk	Fidelity & Deposit Company of Maryland	\$75,000
Owen Graves	Road Manager	Fidelity & Deposit Company of Maryland	\$50,000
Susan Jenkins	Deputy Tax Assessor	Fidelity & Deposit Company of Maryland	\$50,000
Shirley Stewart	Deputy Tax Assessor	Western Surety	\$50,000
Bobbijo Harber	Deputy Tax Assessor	Western Surety	\$50,000
Bruce Templeton	Deputy Tax Assessor	Fidelity & Deposit Company of Maryland	\$50,000
Patricia Aldridge	Deputy Sheriff	FCCI Insurance	\$50,000
Pamela Dortch	Deputy Sheriff	Western Surety	\$50,000
Ashley Saxton	Deputy Tax Collector	Fidelity & Deposit Company of Maryland	\$50,000
Anita S. Crump	Deputy Tax Collector	Fidelity & Deposit Company of Maryland	\$50,000
Linda Binkle	Deputy Tax Collector	Fidelity & Deposit Company of Maryland	\$50,000
Mary Grace Jackson	Deputy Tax Collector	Fidelity & Deposit Company of Maryland	\$50,000
Cathy Thompson	Deputy Circuit Clerk	Western Surety	\$50,000
Janet Adams	Deputy Circuit Clerk	Western Surety	\$50,000
Crystal D. Collins	Deputy Circuit Clerk	Fidelity & Deposit Company of Maryland	\$50,000

## YAZOO COUNTY

### SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### 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  
Yazoo 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 Yazoo 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 March 15, 2017. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities because the county did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

#### **Internal Control Over Financial Reporting**

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

Our consideration of internal control 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 Questioned Costs, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-1 and 2015-2 to be material weaknesses.

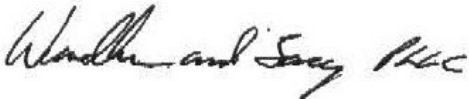
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Yazoo 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*.

Yazoo County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Yazoo County's responses 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 county'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 county'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.



Windham and Lacey, PLLC  
March 15, 2017

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Members of the Board of Supervisors  
Yazoo County, Mississippi

#### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of Yazoo County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. Yazoo County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Yazoo County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yazoo County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on Yazoo County, Mississippi's compliance with those requirements.

#### **Opinion on Each Major Federal Program**

In our opinion, Yazoo County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## **Report on Internal Control Over Compliance**

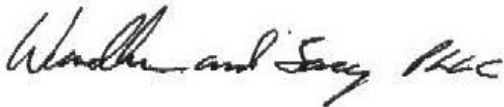
The management of Yazoo County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered Yazoo County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
March 15, 2017

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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  
Yazoo County, Mississippi

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

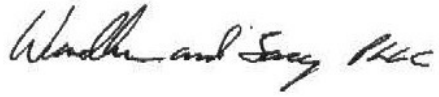
Because of the inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of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

In our opinion, Yazoo 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 the examination.



This report is intended for use in evaluating the central purchasing system and inventory control system of Yazoo County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC  
March 15, 2017

YAZOO COUNTY  
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 not made from the lowest bidder.

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

Schedule 2

Our test results did not identify any emergency purchases.

YAZOO COUNTY

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

Schedule 3

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

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

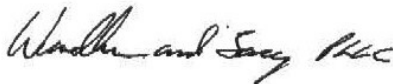
Members of the Board of Supervisors  
Yazoo County, Mississippi

In planning and performing our audit of the financial statements of Yazoo County, Mississippi, for the year ended September 30, 2015, we considered Yazoo 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 Yazoo 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 March 15, 2017, on the financial statements of Yazoo County, Mississippi.

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

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the county 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.



Windham and Lacey, PLLC  
March 15, 2017

YAZOO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

# YAZOO COUNTY

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2015

### Section 1: Summary of Auditor's Results

#### ***Financial Statements:***

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

#### ***Federal Awards:***

- |    |                                                                                                             |               |
|----|-------------------------------------------------------------------------------------------------------------|---------------|
| 4. | Internal control over major programs:                                                                       |               |
| a. | Material weakness identified?                                                                               | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses?                      | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:                                   | Unmodified    |
| 6. | Any audit findings reported as required by Section __.510(a) of Circular A-133?                             | No            |
| 7. | Federal programs identified as major programs:                                                              |               |
|    | U.S. Department of Agriculture Rural Housing Service Community Facilities Grant, CFDA #10.766               |               |
|    | U.S. Department of Transportation/Federal Aviation Administration/Airport Improvement Program, CFDA #20.106 |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                                | \$300,000     |

YAZOO COUNTY

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

9. Auditee qualified as a low-risk auditee? No
10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section \_\_\_\_\_.315(b) of OMB Circular A-133? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2015-1. Finding

Generally accepted accounting principles require the financial data of the county's component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting unit that include the financial data for its component units. The financial statements do not include the financial data for its component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

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

Board of Supervisors' Response

Yazoo County will not include component units in its financial statements.

Material Weakness

2015-2. Finding

Yazoo County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the county's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment healthcare benefit reportable under GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as an agent multiple employer health care plan. GASB Statement No. 45 requires the county to report on an accrual basis the liability associated with other postemployment benefits. 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. The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities. The county does not issue a publicly available financial report for their health insurance plan.



## YAZOO COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2015

#### Recommendation

The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

#### Board of Supervisors' Response

We believe that the cost of compliance with this statement outweighs the benefits. Therefore, we will not have an actuarial valuation performed.

#### Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.