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Adams County, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2016

Fortenberry & Ballard, PC
Certified Public Accountants

Adams County, Mississippi

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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Adams County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Adams County, Mississippi (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Adams County Airport Commission and Natchez-Adams County Port Commission, which are discretely presented component units and represent 44% and 56%, respectively, of the assets, 59% and 41%, respectively, of the net position, and 34% and 66% of the revenues of the discretely presented component units.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Adams County Airport Commission and Natchez-Adams County Port Commission, which are discretely presented component units and represent 44% and 56%, respectively, of the assets, 59% and 41%, respectively, of the net position, and 34% and 66% of the revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Adams County Airport Commission and Natchez-Adams County Port Commission, is based solely on the reports of the auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Adams County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adams County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Component Units - Combining Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards and Component Units - Combining Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the Schedule of Expenditures of Federal Awards and the Component Units - Combining Statements 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 April 25, 2018, on our consideration of the Adams 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 Adams County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 25, 2018

Certified Public Accountants

FINANCIAL STATEMENTS

ADAMS COUNTY, MISSISSIPPI

Statement of Net Position

September 30, 2016

Exhibit 1

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash	\$ 4,612,218	\$ 302,600
Property tax receivable	12,946,773	-
Accounts receivable (net of allowance for uncollectibles of \$2,230,458)	45,972	440,810
Fines receivable (net of allowance for uncollectibles of \$2,997,116)	456,206	-
Loans receivable	2,137,000	-
Intergovernmental receivables	728,199	123,813
Other receivables	469,560	-
Inventories and prepaid items	-	62,276
Capital assets:		
Land and construction in progress	13,351,954	309,352
Other capital assets, net	51,659,221	12,895,544
Intangible assets, net	-	99,136
Total Assets	<u>86,407,103</u>	<u>14,233,531</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	4,425,395	707,691
Deferred amount on refunding	217,722	-
Total Deferred Outflows of Resources	<u>4,643,117</u>	<u>707,691</u>
LIABILITIES		
Claims payable	622,347	342,573
Intergovernmental payables	451,604	-
Accrued interest payable	177,456	-
Amounts held in custody for others	169,888	-
Other payables	13,447	-
Long-term liabilities :		
Net pension liability	20,309,862	2,487,358
Due within one year:		
Capital debt	1,900,612	243,743
Non-capital debt	293,934	-
Due in more than one year:		
Capital debt	15,987,718	1,908,790
Non-capital debt	1,216,737	-
Total Liabilities	<u>41,143,605</u>	<u>4,982,464</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	509,040	148,665
Property tax for future reporting period	12,946,773	-
Total Deferred Inflows of Resources	<u>13,455,813</u>	<u>148,665</u>
NET POSITION		
Net investment in capital assets	47,340,567	11,052,363
Restricted for:		
Expendable:		
General government	548,215	-
Public safety	824,012	-
Public works	676,716	-
Unemployment compensation	29,864	-
Economic development and assistance	120,545	-
Non-expendable:		
Use in self-insurance	168,666	-
Loan receivable	2,137,000	-
Unrestricted	(15,394,783)	(1,242,270)
Total Net Position	<u>\$ 36,450,802</u>	<u>\$ 9,810,093</u>

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

ADAMS COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 9,089,757	2,425,109	366,255		(6,298,393)	
Public safety	7,451,393	1,234,569	365,157	720,063	(5,131,604)	
Public works	2,843,540	1,086,960	240,655		(1,515,925)	
Health and welfare	328,444	12,210	482,175		165,941	
Culture and recreation	9,689	8,117			(1,572)	
Education	617,565				(617,565)	
Conservation of natural resources	124,689				(124,689)	
Economic development and assistance	316,589				(316,589)	
Interest on long-term debt	759,873				(759,873)	
Pension expense	2,585,198				(2,585,198)	
Total Governmental Activities	<u>24,126,737</u>	<u>4,766,965</u>	<u>1,454,242</u>	<u>720,063</u>	<u>(17,185,467)</u>	
Component units:						
Adams County Airport Commission	\$ 888,379	468,132		1,061,395		641,148
Natchez-Adams County Port Commission	<u>3,689,773</u>	<u>2,792,714</u>		<u>664,516</u>		<u>(232,543)</u>
Total Component Units	<u>\$ 4,578,152</u>	<u>3,260,846</u>	<u>-</u>	<u>1,725,911</u>		<u>408,605</u>
General revenues:						
Property taxes					\$ 14,400,870	
Road & bridge privilege taxes					764,708	
Grants and contributions not restricted to specific programs					2,513,830	
Unrestricted interest income					28,802	414
Miscellaneous					524,900	3,225
Appropriations from primary government						220,000
Extraordinary item - judgments recovered					<u>310,000</u>	
Total General Revenues, Contributions, Special Item, and Extraordinary Item					<u>18,543,110</u>	<u>223,639</u>
Changes in Net Position					1,357,643	632,244
Net Position - Beginning, as previously reported					34,814,105	9,177,849
Prior period adjustments					<u>279,054</u>	
Net Position - Beginning, as restated					<u>35,093,159</u>	<u>9,177,849</u>
Net Position - Ending					<u>\$ 36,450,802</u>	<u>9,810,093</u>

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

ADAMS COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2016

Exhibit 3

	Major Funds		Other	Total
	General	Ports and Harbors	Governmental	Governmental
	Fund	Fund	Funds	Funds
ASSETS				
Cash	\$ 2,041,606	27,516	2,045,546	4,114,668
Property tax receivable	9,821,144	-	3,125,629	12,946,773
Accounts receivable (net of allowance for uncollectibles of \$2,230,458)	-	-	45,972	45,972
Fines receivable (net of allowance for uncollectibles of \$2,997,116)	456,206	-	-	456,206
Loans receivable	-	2,137,000	-	2,137,000
Intergovernmental receivables	365,115	-	363,084	728,199
Other receivables	387,923	-	677	388,600
Due from other funds	150,012	2	79,286	229,300
Advances to other funds	29,997	-	12,990	42,987
Total Assets	<u>13,252,003</u>	<u>2,164,518</u>	<u>5,673,184</u>	<u>21,089,705</u>
LIABILITIES				
Liabilities:				
Claims payable	159,288	-	169,017	328,305
Intergovernmental payables	449,838	-	1,766	451,604
Due to other funds	85,864	-	28,897	114,761
Advances from other funds	4,460	-	37,265	41,725
Amounts held in custody for others	151,446	-	18,442	169,888
Other payables	13,447	-	-	13,447
Total Liabilities	<u>864,343</u>	<u>-</u>	<u>255,387</u>	<u>1,119,730</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	9,821,144	-	3,125,629	12,946,773
Unavailable revenue - garbage fees	-	-	45,972	45,972
Unavailable revenue - fines	456,206	-	-	456,206
Total Deferred Inflows of Resources	<u>10,277,350</u>	<u>-</u>	<u>3,171,601</u>	<u>13,448,951</u>
FUND BALANCES				
Nonspendable:				
Loan receivable	-	2,137,000	-	2,137,000
Advances	29,997	-	12,990	42,987
Restricted for:				
General government	-	-	548,215	548,215
Public safety	-	-	824,012	824,012
Public works	-	27,518	649,198	676,716
Economic development and assistance	-	-	120,545	120,545
Unemployment compensation	-	-	29,864	29,864
Debt service	-	-	61,372	61,372
Unassigned	2,080,313	-	-	2,080,313
Total Fund Balances	<u>2,110,310</u>	<u>2,164,518</u>	<u>2,246,196</u>	<u>6,521,024</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>13,252,003</u>	\$ <u>2,164,518</u>	\$ <u>5,673,184</u>	\$ <u>21,089,705</u>

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

ADAMS COUNTY, MISSISSIPPIExhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,521,024
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$63,324,968.	65,011,175
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Accounts receivable, net	45,972
Fines receivable, net	456,206
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(19,399,001)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(20,309,862)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(177,456)
Deferred amount on refunding	217,722
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	4,425,395
Deferred inflows of resources related to pensions	(509,040)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	168,666
Rounding difference	<u>1</u>
Total Net Position - Governmental Activities	\$ <u>36,450,802</u>

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

ADAMS COUNTY, MISSISSIPPIExhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2016

	Major Funds			
	General Fund	Ports and Harbors Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 11,056,822	\$ 74	\$ 3,343,974	\$ 14,400,870
Road and bridge privilege taxes	-	-	764,708	764,708
Licenses, commissions and other revenue	424,953	338,736	65,331	829,020
Fines and forfeitures	222,212	-	35,728	257,940
Intergovernmental revenues	1,482,391	-	3,205,744	4,688,135
Charges for services	571,524	-	1,113,324	1,684,848
Interest income	25,013	-	3,053	28,066
Miscellaneous revenues	100,307	-	338,242	438,549
Total Revenues	<u>13,883,222</u>	<u>338,810</u>	<u>8,870,104</u>	<u>23,092,136</u>
EXPENDITURES				
Current:				
General government	6,309,432	-	1,272,942	7,582,374
Public safety	6,142,295	-	1,597,106	7,739,401
Public works	-	344	4,297,011	4,297,355
Health and welfare	329,493	-	-	329,493
Culture and recreation	2,500	-	7,317	9,817
Education	397,602	-	219,963	617,565
Conservation of natural resources	126,277	-	-	126,277
Economic development and assistance	288,490	-	28,099	316,589
Debt service:				
Principal	356,312	175,000	957,552	1,488,864
Interest	115,870	133,875	521,935	771,680
Bond issue costs	3,520	2,419	26,201	32,140
Total Expenditures	<u>14,071,791</u>	<u>311,638</u>	<u>8,928,126</u>	<u>23,311,555</u>
Excess of Revenues over (under) Expenditures	<u>(188,569)</u>	<u>27,172</u>	<u>(58,022)</u>	<u>(219,419)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	524,980	-	701,157	1,226,137
Refunding bonds issued	-	-	2,620,000	2,620,000
Proceeds from sale of capital assets	72,000	-	301,218	373,218
Compensation for loss of capital assets	18,817	-	-	18,817
Transfers in	471,481	-	465,961	937,442
Transfers out	(280,040)	(50,000)	(607,402)	(937,442)
Payment to bond refunding escrow agent	-	-	(3,366,955)	(3,366,955)
Total Other Financing Sources and Uses	<u>807,238</u>	<u>(50,000)</u>	<u>113,979</u>	<u>871,217</u>
Extraordinary Item	310,000	-	-	310,000
Net Changes in Fund Balances	<u>928,669</u>	<u>(22,828)</u>	<u>55,957</u>	<u>961,798</u>
Fund Balances - Beginning	<u>1,181,641</u>	<u>2,187,346</u>	<u>2,190,239</u>	<u>5,559,226</u>
Fund Balances - Ending	<u>\$ 2,110,310</u>	<u>\$ 2,164,518</u>	<u>\$ 2,246,196</u>	<u>\$ 6,521,024</u>

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

ADAMS COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 961,798
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,476,268 exceeded depreciation of \$1,453,522 in the current period.	1,022,746
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the asset sold.	(307,228)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	192,537
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(103,795)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$4,855,819 exceeded debt proceeds of \$3,846,137	1,009,682
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:	
Decrease in accrued interest payable	74,203
Decrease in compensated absences	143,593
The amortization of:	
Deferred loss on refunding bonds	(30,256)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(2,585,198)
Recording of contributions made during year	868,840
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	110,720
Rounding difference	<u>1</u>
Change in Net Position of Governmental Activities	\$ <u>1,357,643</u>

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

ADAMS COUNTY, MISSISSIPPIExhibit 5

Statement of Net Position - Proprietary Fund

September 30, 2016

	Internal Service Fund
ASSETS	
Cash	\$ 497,550
Due from other funds	10,000
	<hr/>
Total Assets	507,550
	<hr/>
LIABILITIES	
Claims payable	294,042
Due to other funds	44,842
	<hr/>
Total Liabilities	338,884
	<hr/>
NET POSITION	
Restricted for claim payments	168,666
Total Net Position	\$ 168,666
	<hr/>

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

ADAMS COUNTY, MISSISSIPPIExhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2016

	Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 1,995,157
Miscellaneous	1,543
Total Operating Revenues	<u>1,996,700</u>
OPERATING EXPENSES	
Claims payments	1,886,716
Total Operating Expenses	<u>1,886,716</u>
Operating Income (Loss)	<u>109,984</u>
NON-OPERATING REVENUES	
Interest income	736
Total Non-operating revenues	<u>736</u>
Changes in Net Position	<u>110,720</u>
Net Position - Beginning	<u>57,946</u>
Net Position - Ending	<u>\$ 168,666</u>

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

ADAMS COUNTY, MISSISSIPPIExhibit 7

Statement of Cash Flows - Proprietary Fund

For the Year Ended September 30, 2016

		Internal Service Fund
Cash Flows From Operating Activities		
Receipts for premiums	\$	1,995,157
Other operating cash receipts		1,543
Other operating cash payments		(1,612,677)
Net Cash Provided (Used) by Operating Activities		<u>384,023</u>
Cash Flows From Noncapital Financing Activities		
Cash received from other funds:		
Loans from other funds		44,842
Cash paid to other funds:		
Loans made to other funds		(10,000)
Net Cash Provided (Used) by Noncapital Financing Activities		<u>34,842</u>
Cash Flows From Investing Activities		
Interest on deposits		736
Net Cash Provided (Used) by Investing Activities		<u>736</u>
Net Increase (Decrease) in Cash and Cash Equivalents		419,601
Cash and Cash Equivalents - Beginning		<u>77,949</u>
Cash and Cash Equivalents - Ending	\$	<u><u>497,550</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$	109,984
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Increase (decrease) in claims payable		274,039
Total Adjustments		<u>274,039</u>
Net Cash Provided (Used) by Operating Activities	\$	<u><u>384,023</u></u>

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

ADAMS COUNTY, MISSISSIPPIExhibit 8Statement of Fiduciary Assets and Liabilities
September 30, 2016

	Agency Funds
ASSETS	
Cash and investments	\$ 621,456
Total Assets	<u>621,456</u>
LIABILITIES	
Amounts held in custody for others	540,497
Due to other funds	79,697
Advances from other funds	1,262
Total Liabilities	\$ <u>621,456</u>

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

Adams County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2016

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County 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. Adams County has one blended component unit - Adams County Public Improvement Corporation.

Adams County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972) that allows counties to enter into lease agreements with any corporation. The Corporation's three-member Board of Directors is appointed by the Board of Supervisors. The Corporation produces a financial benefit through its ability to finance the construction of capital facilities

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

for the primary government by obligating funds to repay debt pursuant to a lease agreement.

Discretely Presented Component Units

The component units' column in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. The majority of the members of the governing bodies of these component units were appointed by the County Board of Supervisors.

The County reports the following discretely presented component units. Complete financial statements for these component units can be obtained through the Adams County Board of Supervisors.

- Adams County Airport Commission
- Natchez-Adams County Port Commission

The Adams County Airport Commission (the Airport) was established by a joint resolution and ordinance of the Board of Supervisors of Adams County, Mississippi, the Mayor and the Board of Alderman of the City of Natchez, Mississippi, pursuant to Section 61-3-5 of the Mississippi Code of 1972, annotated and recompiled. Pursuant to the provisions of the joint resolution and ordinance of May 1998, the Adams County Board of Supervisors created the Adams County Airport Commission. Adams County provides the annual funding for the Airport; therefore, it is treated as a component unit for the County for reporting purposes. The Airport has a year end of September 30.

The Natchez-Adams County Port Commission (the Port) is located along the Mississippi River in the City of Natchez in Adams County, Mississippi. The Port is governed by a Board of Commissioners which are appointed by the Adams County Board of Supervisors. The Port has a year end of September 30.

Certified public accounting firms other than the primary government's auditor audited the financial statements for each discretely-presented component unit listed above and provided these to the County as the primary government.

Financial information may be obtained from the Adams County Chancery Clerk's office at 115 S Wall Street, Natchez, MS 39120.

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

C. Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. 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. The primary government is reported separate 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 of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each 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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. 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 in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting

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

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

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

The County reports the following major Governmental Funds:

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

Ports and Harbors Fund - This fund is used to account for monies from specific revenue sources that are restricted for ports and harbors.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Internal Service Fund - This fund is used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The County's internal service fund reports on the self-insurance programs for employee medical benefits.

FIDUCIARY FUND TYPES

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

E. Account Classifications

The account classifications used in the financial statements conform to the broad

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments

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

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

G. Receivables

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

H. Interfund Transactions and Balances

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

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 governmental 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.

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. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

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.

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 15 for additional details.

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

Deferred revenues - 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.

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 15 for additional details.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

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

L. Long-term Liabilities

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

M. Equity Classifications

Government-wide Financial Statements:

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

1. 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 improvements of those assets.
2. 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.
3. Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

Nonspendable fund balance includes items 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.

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes. Currently, there is no committed fund balance.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator pursuant to authorization established by the policy adopted by the County. Currently, there is no assigned fund balance.

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

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

Fund Balance Flow Assumption:

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

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

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 the expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

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.

(2) Prior Period Adjustment

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

Exhibit 2 - Statement of Activities

Explanation	Amount
1. Correction of capital assets.	\$ 654,825
2. Refunding amortization not amortized in prior periods.	(375,771)
Total Governmental Activities	\$ 279,054

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(3) Deposits

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$5,233,674, and the bank balance was \$5,761,169. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 25,473
General Fund	Internal Service Fund	44,842
General Fund	Agency Funds	79,697
Ports and Harbors Fund	General Fund	2
Other Governmental Funds	General Fund	75,862
Other Governmental Funds	Other Governmental Funds	3,424
Internal Service Fund	General Fund	10,000
Total		<u>\$ 239,300</u>

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Primary receivables represent cash deficits / surplus between funds previously not recorded. Other receivables represent the tax revenue collected but not settled until October 2015. All current interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 28,735
General Fund	Agency Funds	1,262
Other Governmental Funds	General Fund	4,460
Other Governmental Funds	Other Governmental Funds	8,530
Total		<u>\$ 42,987</u>

Advances to other funds have generally been made to provide cash to funds to help fund operations.

C. Transfers In/Out:

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 280,040
Ports and Harbors Fund	Other Governmental Funds	50,000
Other Governmental Funds	General Fund	471,481
Other Governmental Funds	Other Governmental Funds	135,921
Total		<u>\$ 937,442</u>

The purpose of interfund transfers were to transfer revenues from other governmental funds to individual district road funds.

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2016 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tag Credit	\$ 221,615
Gaming revenues	208,481
Gasoline tax	76,584
AOP grant	60,039
Other state and federal reimbursements	161,480
Total Governmental Activities	<u>\$ 728,199</u>

(6) Loans Receivable

Loan receivable balances at September 30, 2016, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Natchez-Adams County Port Commission	November 1997	5.20%	November 2017	<u>\$ 2,137,000</u>

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(7) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 12,453,778	11,949	212,500		12,253,227
Construction in progress	7,163,240	1,070,945		(7,135,458)	1,098,727
Total non-depreciable capital assets	19,617,018	1,082,894	212,500	(7,135,458)	13,351,954
Depreciable capital assets:					
Infrastructure	82,291,818			4,331,029	86,622,847
Buildings	13,169,247			3,459,304	16,628,551
Improvements other than buildings	1,366,707				1,366,707
Mobile equipment	5,413,790	132,934	431,538	88,389	5,203,575
Furniture and equipment	2,057,953	91,099	133,079		2,015,973
Leased property under capital leases	2,031,823	1,169,341		(88,439)	3,112,725
Total depreciable capital assets	106,331,338	1,393,374	564,617	7,790,283	114,950,378
Less accumulated depreciation for:					
Infrastructure	50,172,247	534,291			50,706,538
Buildings	5,241,413	247,080			5,488,493
Improvements other than buildings	386,645	32,537			419,182
Mobile equipment	4,314,698	321,078	350,118		4,285,658
Furniture and equipment	1,740,752	58,075	119,771		1,679,056
Leased property under capital leases	451,769	260,461			712,230
Total accumulated depreciation	62,307,524	1,453,522	469,889	0	63,291,157
Total depreciable capital assets, net	44,023,814	(60,148)	94,728	7,790,283	51,659,221
Total capital assets, net	\$ 63,640,832	1,022,746	307,228	654,825	65,011,175

Adjustments were made for completed construction of MEMA Shelter and various infrastructure projects along with transfers of completed lease purchase equipment into proper classifications.

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 176,624
Public safety	406,553
Public works	863,732
Conservation of natural resources	<u>6,613</u>
Total depreciation expense	\$ <u><u>1,453,522</u></u>

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Deerfield Bridge and Hutchins Landing	\$ 1,609,451	December - 18
Lower Woodville Road Bridge Project	707,600	September - 17
Delta Energy Rail Repair Project	623,000	December - 18

(8) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its 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, 2016 to January 1, 2017. 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 serving organization with the County retaining the risk of loss on

Adams County, Mississippi

Notes to the Financial Statements

For the Year Ended September 30, 2016

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 \$20,000, and the aggregate policy covers all submitted claims in excess of \$55,000. The reinsurance coverage limit is \$1,000,000. 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 year 2016 and 2015:

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2014-2015	\$	20,003	1,786,544	1,786,544	20,003
2015-2016	\$	20,003	2,160,755	1,886,716	294,042

(9) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

Classes of Property		Governmental Activities
Mobile Equipment	\$	2,367,398
Other Furniture and Equipment		745,327
Less: Accumulated Depreciation		(712,230)
Leased Property under Capital Leases	\$	<u>2,400,495</u>

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

The following is a schedule by years of the total payments due as of September 30, 2016:

Year ending September 30,	Principal	Interest
2017	\$ 444,226	\$ 50,870
2018	393,198	41,528
2019	404,516	33,425
2020	235,903	24,326
2021	623,270	17,269
2022 - 2026	209,053	10,499
Total	\$ <u>2,310,166</u>	\$ <u>177,917</u>

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(10) Long-Term Debt

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
General Obligation Refunding Bond, Series 2012	\$ 907,623	2.90%	08/2019
Rentech Property Acquisition Bonds	8,325,000	4.50%	06/2033
Port Improvement Bonds	2,800,000	4.50%	07/2028
General Obligation Refunding Bond, Series 2016	2,620,000	2.00%	07/2024
Total General Obligation Bonds	<u>\$ 14,652,623</u>		
B. Capital Leases:			
(7) Trucks - Road Department	\$ 31,368	2.09%	06/2017
(2) New Holland Tractors w. Attachments	27,779	2.09%	09/2017
MCC500 Dispatch Console - E-911	114,612	1.79%	03/2018
IT upgrade	97,987	1.79%	08/2018
Caterpillar D6 / Dozer / Tractor	152,599	2.12%	02/2019
(4) Ford Expeditions - Sheriff	73,632	2.09%	02/2019
2015 International Dump Truck	66,919	2.15%	09/2019
Durapatcher Pot Hole Patcher	39,560	2.28%	06/2020
John Deere 544K Loader	140,805	2.15%	11/2019
2015 Caterpillar Loader	158,494	2.19%	11/2020
E-911 Dispatch System	183,998	2.04%	04/2020
(4) Chevrolet Tahoes - Sheriff	102,310	2.28%	02/2020
John Deere 410K Backhoe	93,723	2.15%	10/2019
2015 Chevrolet Traverse	15,533	2.44%	05/2020
John Deere Motor Grader	217,900	2.24%	11/2020
Caterpillar 934M Wheel Loader	161,067	2.07%	06/2021
John Deere 410L Backhoe / Loader	106,900	2.15%	06/2021
2016 Pierce Pumper Truck	524,980	2.49%	05/2024
Total Capital Leases	<u>\$ 2,310,166</u>		

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

C. Other Loans:

Series 2012 Negotiable Note	\$	135,000	1.74%	08/2017
Revolving Loan - Freight Rail Service Projects		728,960	0.00%	Unknown
Series 2014 Negotiable Note		969,204	1.92%	11/2019
Total Other Loans	\$	<u>1,833,164</u>		

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds	
	Principal	Interest
2017	\$ 1,403,934	649,729
2018	1,612,459	591,818
2019	1,366,230	539,894
2020	730,000	496,794
2021	760,000	465,669
2022 - 2026	3,985,000	1,837,506
2027 - 2031	3,455,000	949,900
2032 - 2033	1,340,000	122,900
Total	\$ <u>14,652,623</u>	<u>5,654,210</u>

Year Ending September 30,	Other Loans	
	Principal	Interest
2017	\$ 370,301	20,958
2018	239,933	14,091
2019	244,604	9,484
2020	249,366	4,788
2021		
2022 - 2026	728,960	
Total	\$ <u>1,833,164</u>	<u>49,321</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 4.80% of the latest property assessments.

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Advance Refunding - On March 28, 2016 the County issued \$2,620,000 in general obligation refunding bonds with an average interest rate of 2.00% to advance refund \$3,240,000 of the 2003 Special Obligation bond issue.

The 2003 Special Obligation Bonds had an outstanding balance of \$3,240,000 at the time of refunding, but only \$2,620,000 of the bond was refunded, leaving a remaining principal balance of \$620,000, of which was redeemed during fiscal year 2016.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
<u>Governmental Activities:</u>						
General obligation bonds	\$ 12,808,274		775,651	2,620,000	14,652,623	1,403,934
Limited obligations bonds	3,240,000			(3,240,000)	0	
Capital leases	1,490,242	1,169,341	349,417		2,310,166	446,879
Other loans	2,140,164	56,796	363,796		1,833,164	370,301
Total	<u>19,678,680</u>	<u>1,226,137</u>	<u>1,488,864</u>	<u>(620,000)</u>	<u>18,795,953</u>	<u>2,221,114</u>
Compensated absences	746,641		143,593		603,048	
Total	<u>\$ 20,425,321</u>	<u>1,226,137</u>	<u>1,632,457</u>	<u>(620,000)</u>	<u>19,399,001</u>	<u>2,221,114</u>
Deferred amount on refunding	496,794	126,955	30,256	(375,771)	217,722	46,125

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(11) Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balance and net position at September 30, 2016:

Fund	Deficit Amount
Violence Against Women Grant	\$ 7,895
Delta Regional Authority Grant	20,000
Waste Collection and Disposal	27,924
Juvenile Drug Court Reserve	726
FEMA 361 Shelter Project	456

(12) Contingencies

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

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

Airport Revenue Note Contingencies - The County issued revenue notes to provide funds for constructing and improving capital facilities of the Adams County Airport. The revenue notes are reported as a liability of the Airport because such debt is payable primarily from the Airport's operations. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County are secondarily pledged in case of default by the Airport. The principal amount of Airport revenue notes outstanding at September 30, 2016 is \$15,533.

Adams County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

(13) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Adams County Board of Supervisors appoints five of the 27 members of the College Board of Trustees. The County appropriated \$828,509 for maintenance and support of the College in fiscal year 2016.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints four of the 40 members of the Board of Directors. The County appropriated \$71,865 for the support of the District in fiscal year 2016.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints one of the ten members of the Board of Commissioners. The County contributes a small part of the entity's total revenues. The County appropriated \$77,143 for support of the Complex in fiscal year 2016.

Southwest Mississippi Development Corporation operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by members appointed by each county's lead industrial foundation or Chamber of Commerce. If no industrial foundation or Chamber of Commerce is present, the member is appointed by the County's Board of Supervisors. The member counties provide only modest financial support for the Corporation.

(14) Defined Benefit Pension Plan

General Information about the Pension Plan

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2016, 2015 and 2014 were \$1,195,004, \$1,161,998, and \$1,088,398, respectively, equal to the required contributions for each year.

Adams County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

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

At September 30, 2016, the County reported a liability of \$20,309,862 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County proportionate share used to calculate the September 30, 2016 net pension liability was .113702 percent, which was based on a measurement date of June 30, 2016. This was a decrease of .004049 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$2,585,198. At September 30, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 335,050	
Net difference between projected and actual earnings on pension plan investments	1,604,915	
Change of assumptions	1,840,967	509,040
Changes in the proportion and differences between County contributions and proportionate share of contributions	343,981	
County contributions subsequent to the measurement date	300,482	
Total	\$ 4,425,395	509,040

\$300,482 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

Year ending September 30:

2017	\$	1,403,248
2018		1,177,590
2019		633,805
2020		401,230
Total	\$	<u>3,615,873</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 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, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Adams County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
Real Assets	10%	4.00%
Private Equity	8%	6.15%
Cash	1%	-0.50%
Total	100%	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 26,041,995	\$ 20,309,862	\$ 15,554,332

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

(15) Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$15,394,783) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$300,482 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$4,124,913 balance of the deferred outflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 4 years.

The net investment in capital assets net position amount of \$47,340,567 includes the effect of deferring the recognition expenses resulting from a deferred outflow on refunding of County debt. The \$217,722, balance of the deferred outflow of resources at September 30, 2016 will be recognized as an expense and decrease the net investment in capital assets net position. This was proportionately expended beginning in the 2016 fiscal year and will continue through the end of the refunded debt, which is fiscal year 2024.

The unrestricted net position amount of (\$15,394,783) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$509,040 balance of deferred inflow of resources, at September 30, 2016 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

The unrestricted net position amount of (\$15,394,783) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property taxes that belong to a future period. The balance of the deferred inflow of resources at September 30, 2016 was \$12,946,773.

(16) Extraordinary Item

On October 5, 2016, the County received \$310,000 from Merit Health made toward satisfying a bankruptcy creditor claim made by the County.

(17) Subsequent Events

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

Adams County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2016

to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/28/2016	2.53%	\$ 2,685,000	General obligation refunding bonds	Ad valorem taxes
2/23/2017	2.37%	194,290	Lease purchase	Ad valorem taxes
4/24/2017	2.49%	277,620	Lease purchase	Ad valorem taxes
5/17/2017	2.49%	150,128	Lease purchase	Ad valorem taxes
6/19/2017	2.25%	650,000	Other loan	Ad valorem taxes
7/21/2017	2.39%	201,942	Lease purchase	Ad valorem taxes
3/01/2018	3.21%	350,000	General obligation bonds	Ad valorem taxes

Component Unit
Adams County Airport Commission

Notes to the Financial Statements
For the Year Ended September 30, 2016

ADAMS COUNTY AIRPORT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Adams County Airport Commission (the Airport or the Commission) was established by a joint resolution and ordinance of the Board of Supervisors of Adams County, Mississippi, and the Mayor and Board of Aldermen of the City of Natchez, Mississippi, pursuant to Section 61-3-5 of the Mississippi Code of 1972, annotated and recompiled. The original resolution expired on December 15, 1988, and was renewed for 20 more years ending on December 15, 2008. By joint resolution and ordinance of the Board of Supervisors of Adams County, Mississippi, and the Mayor and Board of Aldermen of the City of Natchez, Mississippi, and adopted by the Board of Supervisors on May 6, 1998, and by the Mayor and Board of Aldermen of the City of Natchez on May 7, 1998, the said resolution and ordinance adopted in 1988 was rescinded and the Natchez-Adams County Airport Commission dissolved. Pursuant to the provisions of Section 2 of the joint resolution and ordinance of May 1998, the Adams County Board of Supervisors created the Adams County Airport Commission.

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

A. Reporting Entity

Adams County provides the annual funding for the Airport; therefore, it is treated as a component unit of the County for reporting purposes.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The Commission is classified and reported as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Basis of Accounting

All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Fund equity is segregated into investment in capital assets and restricted and unrestricted components for enterprise funds. Enterprise operating statements present increases and decreases in net total position. The accrual basis of accounting is utilized by enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

D. Cash and Investments

The Commission deposits excess funds in the financial institution selected by the Airport in accordance with state statutes.

For purposes of the statement of cash flows, the Commission considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. Accounts Receivable

Accounts receivable consists primarily of amounts due for fuel purchases and hangar rent. The allowance for doubtful accounts is based on identification of specific accounts that are deemed uncollectible. There was no allowance at September 30, 2016.

F. Prepaid Items

Payments for services that will benefit periods beyond September 30, 2016, are recorded as prepaid items.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Enterprise funds are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and liabilities (whether current or non-current) associated with their activities are included on their statement of net position.

Depreciation of all exhaustible capital assets used by enterprise funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15-55 Years
Improvements other than buildings:	
Original construction of runways, taxiways, etc.	80 Years
Reconstruction (overlays, etc.)	15-40 Years
Machinery and equipment	5-15 Years
Vehicles	5 Years
Office furniture and equipment	5-12 Years
Other fixed assets	8-10 Years

As noted previously, depreciation on all exhaustible capital assets, whether acquired with its own funds or through contributions in aid of construction, is reflected in the Commission’s statement of revenues, expenses and changes in net position. All capital assets are stated at historical cost. Donated capital assets are stated at their estimated fair market value on the date donated.

H. Intangible Assets

Amortization of air space easements and the related cost of clearing the easement area are charged as an expense against the Commission’s operations using an 80-year amortization period, which is the same period of time over which the runway for which the easement was obtained is being depreciated.

Under the terms of the easement agreements, the easements will terminate when the runway, for which the easements were obtained, is abandoned or ceases to be used for public airport purposes.

I. Inventories

Inventories on hand represent aviation fuel and lubricants (motor oil). Inventories of aviation fuel are maintained in above ground tanks. Both items are stated at cost using the first-in, first-out method.

Inventories of minor supplies used for airport operations are expensed or recognized as an expense at the time of purchase.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position

The Commission's net position is divided into the following categories: investment in capital assets, net of related debt; restricted; and unrestricted. Investments in capital assets, net of related debt, consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net assets are those that have constraints placed on them either externally, such as by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets are those net assets that do not meet the above definitions and are considered available for general operations.

K. Accumulated Compensated Absences

The Commission has adopted a policy regarding payment for unused personal leave. All full-time employees of the Commission are entitled to leave with pay. The employees are generally allowed to accumulate leave of a certain number of days per year, depending on length of service and employment status. Employees can accumulate leave, but no employee can be paid for more than 45 days of leave upon termination.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND OTHER DEPOSITS

The collateral for a public entity's deposits in financial institutions is now 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.

The carrying amount of the Commission's deposits with financial institutions at September 30, 2016, was \$289,795, and the bank balance was \$250,058.

NOTE 3 – CAPITAL ASSETS

The following is a summary of capital assets as of September 30, 2016:

	<u>Balance</u> <u>9/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/16</u>
Capital assets not being depreciated:				
Land	\$ 268,655	\$ -	\$ -	\$ 268,655
Construction in progress	<u>96,353</u>	<u>1,090,315</u>	<u>(1,186,668)</u>	<u>-</u>
	365,008	1,090,315	(1,186,668)	268,655
Other capital assets:				
Buildings	1,351,410	1,174,668	-	2,526,078
Improvements other than buildings	11,477,686	-	-	11,477,686
Machinery and equipment	78,986	-	(4,135)	74,851
Vehicles	375,936	-	-	375,936
Office furniture and equipment	11,404	4,185	-	15,589
Other capital assets	<u>2,843</u>	<u>-</u>	<u>-</u>	<u>2,843</u>
	13,298,265	1,178,853	(4,135)	14,472,983
Less accumulated depreciation on other capital assets:				
Buildings	(728,480)	(11,011)	-	(739,491)
Improvements other than buildings	(7,654,595)	(257,018)	-	(7,911,613)
Machinery and equipment	(76,352)	(1,376)	4,135	(73,593)
Vehicles	(168,496)	(8,712)	-	(177,208)
Office furniture and equipment	(11,404)	(71)	-	(11,475)
Other capital assets	<u>(2,843)</u>	<u>-</u>	<u>-</u>	<u>(2,843)</u>
Total accumulated depreciation	<u>(8,642,170)</u>	<u>(278,188)</u>	<u>4,135</u>	<u>(8,916,223)</u>
Other capital assets, net	<u>4,656,095</u>	<u>900,665</u>	<u>-</u>	<u>5,556,760</u>
Capital assets, net	<u>\$ 5,021,103</u>	<u>\$ 1,990,280</u>	<u>\$ (1,186,668)</u>	<u>\$ 5,825,415</u>

NOTE 4 – INTANGIBLE ASSETS

The following is a summary of the changes in intangible assets for the year ended September 30, 2016:

	<u>Balance</u> <u>9/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/16</u>
Clearing and airspace easements	\$ 161,643	\$ -	\$ -	\$ 161,643
Accumulated amortization	<u>(60,486)</u>	<u>(2,021)</u>	<u>-</u>	<u>(62,507)</u>
	<u>\$ 101,157</u>	<u>\$ (2,021)</u>	<u>\$ -</u>	<u>\$ 99,136</u>

NOTE 5 – LONG-TERM OBLIGATIONS

In June, 2015, the Commission entered into an agreement with the primary government for the purchase of a new vehicle. The County added the vehicle to its existing fleet lease with the provision that the Commission makes the annual lease payment of \$4,125.93, with interest at 2.44%. The Commission is also reporting the asset.

Long-term obligation activity for the year ended September 30, 2016, is as follows:

	<u>9/30/15</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/16</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$ 19,225	\$ -	\$ (3,692)	\$ 15,533	\$ 3,743

The total interest incurred for the year ended September 30, 2016, was \$434, which was charged to expense. As of September 30, 2016, annual debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,743	\$ 383
2018	3,835	291
2019	3,930	196
2020	<u>4,025</u>	<u>99</u>
Total requirements	<u>\$ 15,533</u>	<u>\$ 969</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi, 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the Airport is required to contribute at an actuarially-determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Commission's contributions to PERS for the years ended September 30, 2016, 2015 and 2014, were \$25,910, \$40,265 and \$30,079, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the Commission reported a liability of \$460,144 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2016, and the total PERS pension liability used to calculate the PERS net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the PERS net pension liability was based on a projection of the Commission's long-term share of contributions to the PERS pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Commission's proportion was 0.003089 percent, which was an increase of 0.000022 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the Commission recognized pension expense related to PERS of \$34,095. At September 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$	23,127	-
Changes in assumptions		12,518	-
Net difference between projected and actual earnings on Plan		9,082	47,877
Changes in proportion and differences between Commission contributions and proportionate share of contributions		2,236	-
Commission contributions subsequent to the measurement date		<u>6,467</u>	<u>-</u>
Total	\$	<u>53,430</u>	<u>47,877</u>

The \$6,467 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Deferred Outflows/(Deferred Inflow) Aging:

Year ended September

2017	\$	229
2018		229
2019		229
2020		<u>227</u>
	\$	<u>914</u>

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four year period ending June 30, 2014. As a result of the experience report which is dated May 4, 2015, the Board of Trustees adopted changes in assumptions for PERS since the last Measurement Date.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net pension liability of PERS based on the June 30, 2015, actuarial valuations, calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	Commission's Proportionate Share of Net <u>Pension Liability</u>
1.00% decrease (6.75%)	\$ 62,939
Current discount rate (7.75%)	47,750
1.00% increase (8.75%)	35,146

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

NOTE 7 – COMMITMENTS

The Commission has entered into various contracts that were not complete as of September 30, 2016. All projects are being financed primarily from grant funds.

NOTE 8 – RELATED PARTY TRANSACTIONS

One Commissioner is a member of Fly, LLC, which rents a hangar at the standard rate and purchases fuel from the Commission at the normal sales price. Hangar rent paid by Fly, LLC for the year ended September 30, 2016, was \$2,220. There was a receivable from Fly, LLC at September 30, 2016 for \$178 for August and September fuel purchases.

Another Commissioner is a member of Tate Hobdy Air, which rents a hangar at the standard rate and purchases fuel from the Commission at the normal sales price. Hangar rent paid by Tate Hobdy Air for the year ended September 30, 2016, was \$2,220. There was a receivable from Tate Hobdy Air at September 30, 2016 for \$512 for August and September fuel purchases.

NOTE 9 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Commission carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 – ADAMS COUNTY ASSETS, LIABILITIES AND FUND BALANCE RELATED TO AIRPORT

As previously discussed, the Commission is treated as a component unit of Adams County for reporting purposes. Component units have significant operational or financial relationships with the County. Other funds related to the Commission are accounted for in the records of Adams County, Mississippi, by the Chancery Clerk. See the audit of Adams County, Mississippi, for disclosure of these items.

Component Unit
Natchez-Adams County Port Commission

Notes to the Financial Statements
For the Year Ended September 30, 2016

NATCHEZ-ADAMS COUNTY PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Natchez-Adams County Port Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Port applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Port does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

A. Reporting Entity

The Natchez-Adams County Port Commission is part of the financial reporting entity of Adams County, Mississippi. As such, it is accounted for as a component unit. The Natchez-Adams County Port Commission has its own Board of Commissioners, which is appointed by the Board of Supervisors of Adams County.

B. Fund Accounting

The accounts of Adams County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Natchez-Adams County Port Commission is classified as a proprietary fund.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Cash and Cash Equivalents

Cash consists of amounts on deposit with a financial institution in both interest-bearing and non-interest-bearing accounts. Cash and cash equivalents are valued at cost.

For purposes of the statement of cash flows, the Natchez-Adams County Port Commission considers all highly liquid investments and certificates of deposit to be cash equivalents if they have a maturity of six months or less when acquired.

E. Accounts Receivable

Most receivables for the Port are classified as trade receivables and arise from transactions with customers for use of the Port facilities. All receivables are deemed by management to be collectible.

F. Investments

The Port is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds.

G. Prepaid Items

Payments made for services that will benefit periods beyond September 30, 2016, are recorded as prepaid items.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets are recorded at cost, or estimated historical cost for assets acquired prior to September 30, 1990, which were transferred from the general fixed asset account group of Adams County.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is charged to operations of proprietary funds over the assets' estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10 to 40 years
Bulk loading facility	40 years
Equipment	5 to 15 years
Office furniture and equipment	5 to 15 years
Vehicles	5 years

I. Net Position

Net position is divided into the following categories: invested in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt consists of all capital assets, both restricted and unrestricted, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those that have constraints placed on them either externally, such as by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Natchez-Adams County Port Commission does not have a net position in this category. Unrestricted net positions are those net differences that do not meet the above definitions and are considered available for general operations.

J. Concentrations of Credit Risk

Financial instruments, which potentially subject the Port to concentrations of credit risk, consist of billed accounts and unbilled costs. The Port operates and grants credit to customers across the country. The Port conducts ongoing credit evaluation of customers to limit the Port's credit risk to a minimal level. Accounts receivable derived from storage and shipping operations are not collateralized. Historically, the Port has not incurred any significant credit related losses.

NOTE 2 – CASH, OTHER DEPOSITS, AND INVESTMENTS

The collateral for public entity deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The carrying amount of the Port's total deposits with financial institutions at September 30, 2016, was \$12,805, and the bank balance was \$156,980, the difference being primarily attributable to items in transit at year end.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance 10/01/15	Additions	Deletions	Balance 09/30/16
Capital assets not being depreciated:				
Land	\$ 40,697	\$ -	\$ -	\$ 40,697
Construction in Progress	<u>170,100</u>	<u>630,606</u>	<u>678,306</u>	<u>122,400</u>
Total assets not being depreciated	210,797	630,606	678,306	163,097
Other capital assets:				
Buildings	4,825,914	678,306	-	5,504,220
Bulk loading facility	4,098,442	-	-	4,098,442
Equipment	4,464,551	-	-	4,464,551
Office furniture and equipment	18,131	-	-	18,131
Vehicles	<u>28,010</u>	<u>-</u>	<u>-</u>	<u>28,010</u>
Total other capital assets	13,435,048	678,306	-	14,113,354
Less accumulated depreciation for:				
Buildings	2,529,780	105,482	-	2,635,262
Bulk loading facility	1,762,066	164,228	-	1,926,294
Equipment	2,087,432	205,298	-	2,292,730
Office furniture and equipment	13,861	813	-	14,674
Vehicles	<u>28,010</u>	<u>-</u>	<u>-</u>	<u>28,010</u>
Total accumulated depreciation	<u>6,421,149</u>	<u>475,821</u>	<u>-</u>	<u>6,896,970</u>
Other capital assets, net	<u>7,013,899</u>	<u>202,485</u>	<u>-</u>	<u>7,216,384</u>
Proprietary fund capital assets, net	<u>\$ 7,224,696</u>	<u>\$ 833,091</u>	<u>\$ 678,306</u>	<u>\$ 7,379,481</u>

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense of \$475,821 was charged to the proprietary fund for the year ended September 30, 2016.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

As discussed in Note 5 with respect to the Mississippi Development Bank special obligation bonds, the Port has a commitment to repay the bonds if revenues are available. In years where revenues are unavailable, Adams County, Mississippi (the County) repays the bonds. The Port then has the liability to repay the County. In the year ended September 30, 2016, the Port transferred \$100,000 to the County to assist in defraying the principal and interest payments on these bonds. Adams County, Mississippi reports a corresponding receivable.

In January 2011, a special meeting was called by the Adams County Board of Supervisors during which the Board of Supervisors entered into a Memorandum of Understanding agreeing to issue Bonds in the amount of Four Million Five Hundred Thousand (\$4,500,000) Dollars for improvements to the Adams County Port, which are necessary to serve Corporation X-Project Renew. This resulted in an adopted resolution confirming the Port Commission's commitment of One Million Five Hundred Thousand (\$1,500,000) Dollars for the aforementioned Project Renew for improvements at the Adams County Port.

NOTE 5 – LONG-TERM DEBT

On November 1, 1997, Adams County entered into a loan agreement with Mississippi Development Bank for the issuance of special obligation bonds to benefit the Port. The total amount received was \$3,000,000. The debt is to be repaid with revenues of the Port Commission, provided funds are available; therefore, a loan payable, maturing November 2017, to Adams County has been recorded. The loan is unsecured.

	<u>2,137,000</u>
	<u>2,137,000</u>
	<u>(240,000)</u>
Less current portion	
	<u>\$ 1,897,000</u>

Annual debt service requirements to maturity are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 240,000	\$ 19,240
2018	<u>1,897,000</u>	<u>347,782</u>
	<u>\$ 2,137,000</u>	<u>\$ 367,022</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Long-term debt liability activity for the year ended September 30, 2016, was as follows:

	<u>Balance</u> <u>10/1/15</u>	<u>Reductions</u>	<u>Additions</u>	<u>Balance</u> <u>9/30/16</u>
Loans payable	<u>\$ 2,187,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 2,137,000</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi, 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the Commission is required to contribute at an actuarially-determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Commission's contributions to PERS for the years ended September 30, 2016, 2015 and 2014, were \$111,475, \$120,456 and \$87,802, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the Commission reported a liability of \$2,027,214 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2016, and the total PERS pension liability used to calculate the PERS net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the PERS net pension liability was based on a projection of the Commission's long-term share of contributions to the PERS pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Commission's proportion was 0.011349 percent, which was an decrease of 0.00063 percent from its proportion measured as of June 30, 2015.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended September 30, 2016, the Commission recognized pension expense related to PERS of \$342,834. At September 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$	31,361	-
Changes in assumptions		158,479	-
Net difference between projected and actual earnings on Plan		108,318	110,778
Changes in proportion and differences between Commission contributions and proportionate share of contributions		510,205	-
Commission contributions subsequent to the measurement date		<u>28,888</u>	<u>-</u>
Total	\$	<u>837,251</u>	<u>110,778</u>

The \$28,888 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Deferred Outflows/(Deferred Inflow) Aging:

Year ended September

2017	\$	171,896
2018		171,896
2019		171,897
2020		<u>171,896</u>
	\$	<u>687,585</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four year period ending June 30, 2014. As a result of the experience report which is dated May 4, 2015, the Board of Trustees adopted changes in assumptions for PERS since the last Measurement Date.

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net pension liability of PERS based on the June 30, 2016, actuarial valuations, calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	Commission's Proportionate Share of Net <u>Pension Liability</u>
1.00% decrease (6.75%)	\$ 2,599,344
Current discount rate (7.75%)	2,027,215
1.00% increase (8.75%)	1,552,533

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

NOTE 7 – ADAMS COUNTY ASSETS, LIABILITIES, AND FUND BALANCE RELATED TO PORT

The Port was established by Adams County, Mississippi in the late 1950s to utilize the natural assets of the County and enhance industrial growth and employment opportunities. The County has supported the Port over the years through bond issues, tax levies and EDA grants administered by the County. All of these monies were received, disbursed and accounted for in the records of Adams County, Mississippi maintained by the Chancery Clerk of the County. See the audit of Adams County, Mississippi for disclosure of these items.

NOTE 8 – RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port carries commercial insurance for these risks. There were no claims resulting from these insured risks in the current fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

ADAMS COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2016
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ 11,521,767	11,296,545	11,054,636	(241,909)
Licenses, commissions and other revenue	364,700	452,310	418,291	(34,019)
Fines and forfeitures	250,000	202,134	203,484	1,350
Special assessments	-	1,349	-	(1,349)
Intergovernmental revenues	1,937,103	1,439,108	1,393,073	(46,035)
Charges for services	400,000	523,336	523,336	-
Interest income	10,000	11,189	24,964	13,775
Miscellaneous revenues	51,600	137,427	406,616	269,189
Total Revenues	<u>14,535,170</u>	<u>14,063,398</u>	<u>14,024,400</u>	<u>(38,998)</u>
EXPENDITURES				
Current:				
General government	6,311,267	6,367,443	6,317,514	49,929
Public safety	5,590,162	5,619,227	5,579,093	40,134
Health and welfare	386,137	375,015	329,581	45,434
Culture and recreation	-	2,500	2,500	-
Education	394,568	397,601	397,602	(1)
Conservation of natural resources	571,584	131,116	127,546	3,570
Economic development and assistance	282,690	285,465	285,465	-
Debt service:				
Principal	1,074,456	338,318	356,909	(18,591)
Interest	-	-	111,581	(111,581)
Bond issue costs	-	-	3,520	(3,520)
Total Expenditures	<u>14,610,864</u>	<u>13,516,685</u>	<u>13,511,311</u>	<u>5,374</u>
Excess of Revenues over (under) Expenditures	<u>(75,694)</u>	<u>546,713</u>	<u>513,089</u>	<u>(33,624)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(309,057)	(607,412)	(280,040)	327,372
Other financing sources	419,056	532,297	3,707,278	3,174,981
Other financing uses	-	-	(2,620,000)	(2,620,000)
Total Other Financing Sources (Uses)	<u>109,999</u>	<u>(75,115)</u>	<u>807,238</u>	<u>882,353</u>
Net Change in Fund Balance	<u>34,305</u>	<u>471,598</u>	<u>1,320,327</u>	<u>848,729</u>
Fund Balances - Beginning	<u>842,793</u>	<u>842,793</u>	<u>1,254,482</u>	<u>411,689</u>
Fund Balances - Ending	<u>\$ 877,098</u>	<u>1,314,391</u>	<u>2,574,809</u>	<u>1,260,418</u>

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

ADAMS COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Ports and Harbors Fund
 For the Year Ended September 30, 2016
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
REVENUES				
Property taxes	\$ -	-	74	74
Licenses, commissions and other revenue	338,736	338,736	338,736	-
Total Revenues	<u>338,736</u>	<u>338,736</u>	<u>338,810</u>	<u>74</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	133,875	133,875	133,875	-
Bond issue costs	2,419	2,419	2,419	-
Total Expenditures	<u>311,294</u>	<u>311,294</u>	<u>311,294</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>27,442</u>	<u>27,442</u>	<u>27,516</u>	<u>74</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(50,000)	(50,000)
Other financing sources	100,000	100,000		(100,000)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>(50,000)</u>	<u>(150,000)</u>
Net Change in Fund Balance	<u>127,442</u>	<u>127,442</u>	<u>(22,484)</u>	<u>(149,926)</u>
Fund Balances - Beginning	<u>61,114</u>	<u>74,878</u>	<u>74,878</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 188,556</u>	<u>202,320</u>	<u>52,394</u>	<u>(149,926)</u>

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

ADAMS COUNTY, MISSISSIPPI

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	.113702%	.117751%
County's proportionate share of the net pension liability (asset)	\$ 20,310,016	18,201,828
County's covered-employee payroll	\$ 7,587,328	7,377,765
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	267.68%	246.71%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

ADAMS COUNTY, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,195,004	1,161,998
Contributions in relation to the contractually required contribution	<u>1,195,004</u>	<u>1,161,998</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 7,587,328	7,377,765
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

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

Adams County, Mississippi

Notes to the Required Supplementary Information
For the year ended September 30, 2016

Budgetary Comparison Schedules

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

Adams County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2016

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

	<u>Governmental Funds</u>	
	General Fund	Port and Harbor Fund
Budget (Cash Basis)	\$ 1,320,327	(22,484)
Increase (Decrease)		
Net adjustments for revenue accruals	(308,639)	(344)
Net adjustments for expenditure	<u>(83,018)</u>	<u> </u>
GAAP Basis	<u>\$ 928,670</u>	<u>(22,828)</u>

2) Pension Schedules

A. Change of Benefit Provisions

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

B. Change of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.5% to 3% and 8% to 7.75%, respectively.

Effective July 1, 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

Component Unit
Natchez-Adams County Port Commission

REQUIRED SUPPLEMENTARY INFORMATION

NATCHEZ-ADAMS COUNTY PORT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS - PERS
LAST 10 FISCAL YEARS *

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Commission's proportionate share of the collective net pension liability	*	*	*	*	*	*	*	*	\$ 1,851,253	\$ 2,027,215
Commission's proportion of the collective net pension liability	*	*	*	*	*	*	*	*	0.011976%	0.011349%
Commission's covered employee payroll	*	*	*	*	*	*	*	*	\$ 764,800	\$ 707,779
Commission's proportionate share of the collective net pension liability as a percentage of the Commission's covered payroll	*	*	*	*	*	*	*	*	242.06%	286.42%
PERS' fiduciary net position as a percentage of the total pension liability	*	*	*	*	*	*	*	*	61.70%	57.47%

* Information is unavailable for years prior to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

NATCHEZ-ADAMS COUNTY PORT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PERS
LAST 10 FISCAL YEARS *

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined employee contribution	*	*	*	*	*	*	*	*	\$ 120,456	\$ 111,745
Contributions in relation to the actuarially determined contributions	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>120,456</u>	<u>111,745</u>
Annual contribution deficiency (excess)	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Commission's covered-employee payroll	*	*	*	*	*	*	*	*	\$ 764,800	\$ 707,779
Actual contributions as a percentage of covered-employer payroll	*	*	*	*	*	*	*	*	15.75%	15.79%

* Information is unavailable for years prior to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

Component Unit
Adams County Airport Commission

REQUIRED SUPPLEMENTARY INFORMATION

ADAMS COUNTY AIRPORT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS - PERS
LAST 10 FISCAL YEARS *

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Commission's proportionate share of the collective net pension liability	*	*	*	*	*	*	*	*	\$ 477,498	\$ 460,144
Commission's proportion of the collective net pension liability	*	*	*	*	*	*	*	*	0.003089%	0.255700%
Commission's covered employee payroll	*	*	*	*	*	*	*	*	\$ 186,470	\$ 154,886
Commission's proportionate share of the collective net pension liability as a percentage of the Commission's covered payroll	*	*	*	*	*	*	*	*	256.07%	297.09%
PERS' fiduciary net position as a percentage of the total pension liability	*	*	*	*	*	*	*	*	61.70%	57.47%

* Information is unavailable for years prior to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

ADAMS COUNTY AIRPORT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PERS
LAST 10 FISCAL YEARS *

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined employee contribution	*	*	*	*	*	*	*	*	\$ 29,369	\$ 24,395
Contributions in relation to the actuarially determined contributions	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>29,369</u>	<u>24,395</u>
Annual contribution deficiency (excess)	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Commission's covered-employee payroll	*	*	*	*	*	*	*	*	\$ 186,470	\$ 154,886
Actual contributions as a percentage of covered-employer payroll	*	*	*	*	*	*	*	*	15.75%	15.75%

SUPPLEMENTARY INFORMATION

ADAMS COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	N/A	\$ 85,330
Total passed-through the Mississippi State Treasurer's Office			85,330
Total U.S. Department of Agriculture			<u>85,330</u>
U. S. Department of Housing and Urban Development			
Passed-through the Mississippi Development Authority			
MS Development Authority Community Development Block Grant	14.219 &	R-103-001-04-KED	
State's Program and Non-Entitlement Grants in Hawaii	14.228		56,796
Total passed-through the Mississippi Development Authority			56,796
Total U.S. Department of Housing and Urban Development			<u>56,796</u>
U. S. Department of Justice			
Passed-through the Mississippi Department of Public Safety			
Crime Victim Assistance	16.575	2015-VA-GX-4038	11,581
Edward Byrne Memorial Justice Assistance Grant Program/Grant to States to Territories	16.738	2014-MU-BX-0874	22,683
Edward Byrne Memorial Justice Assistance Grant Program/Grant to States to Territories	16.783	2015-MU-BX-0874	57,721
Occupant Protection Incentive Grants	20.602	2016-OP-10-01	7,202
Alcohol Impaired Driving Countemeasurement Incentive Grant	20.607	2016-PT-10-01	9,510
Total passed-through the Mississippi Department of Pubilc Safety			108,697
Total U.S. Department of Justice			<u>108,697</u>
U. S. Department of Transportation			
Federal Highway Administration			
Passed through the MS Department of Transportation			
Highway Planning and Construction	20.205	N/A	14,140
Total passed-through the MS Department of Transportation			14,140
Total U.S. Department of Transportation			<u>14,140</u>
Delta Regional Authority			
Passed through Southwest Mississippi Planning and Development			
Delta Area Economic Development	90.201	MS12228	27,896
Total passed-through Southwest Mississippi Planning and Development			27,896
Total Delta Regional Authority			<u>27,896</u>
U. S. Department of Health and Human Services			
Passed through the MS Department of Human Services			
Temporary Assistance for Needy Families	93.558	3100024524	131,123
Temporary Assistance for Needy Families	93.558	TANF FFY 16	90,479
Temporary Assistance for Needy Families	93.558	6007655	108,000
Total passed-through the MS Department of Human Services			329,602
Total U.S. Department of Health and Human Services			<u>329,602</u>
U. S. Department of Homeland Security			
Passed through the MS Emergency Management Agency			
Hazard Mitigation Grant*	97.039	1604-0471	570,911
Emergency Management Performance Grant	97.042	EMA-2015-EP-00005	31,055
Total passed-through the MS Emergency Management Agency			601,966
Total U.S. Department of Homeland Security			<u>601,966</u>
Total Expenditures of Federal Awards			\$ <u>1,224,427</u>

* Denotes major federal award 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.

Note B - The County did not elect to use the 10% de minimis indirect cost rate.

ADAMS COUNTY, MISSISSIPPI
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2016

	Adams County Airport Commission	Natchez- Adams County Port Commission	Total
ASSETS:			
Cash and cash equivalents	\$ 289,795	\$ 12,805	\$ 302,600
Accounts receivable	19,887	420,923	440,810
Receivable from other governments	1,950	121,863	123,813
Inventories	49,462	-	49,462
Prepaid expenses	2,100	10,714	12,814
Capital assets	5,825,415	7,379,481	13,204,896
Intangible assets	99,136	-	99,136
Total assets	<u>\$ 6,287,745</u>	<u>\$ 7,945,786</u>	<u>\$ 14,233,531</u>
 DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources	<u>\$ 53,430</u>	<u>\$ 654,261</u>	<u>\$ 707,691</u>
 LIABILITIES:			
Accounts payable and accrued liabilities	\$ 26,296	\$ 284,289	\$ 310,585
Bank overdraft	-	31,988	31,988
Long-term liabilities due within one year:			
Current portion of long term debt	3,743	240,000	243,743
Long-term liabilities due in more than one year:			
Capital debt	11,790	1,897,000	1,908,790
Net pension liability	<u>460,144</u>	<u>2,027,214</u>	<u>2,487,358</u>
Total liabilities	<u>501,973</u>	<u>4,480,491</u>	<u>4,982,464</u>
 DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources	<u>\$ 47,887</u>	<u>\$ 100,778</u>	<u>\$ 148,665</u>
 NET POSITION:			
Net investment in capital assets	5,809,882	5,242,481	11,052,363
Unrestricted	<u>(18,567)</u>	<u>(1,223,703)</u>	<u>(1,242,270)</u>
Total net position	<u>\$ 5,791,315</u>	<u>\$ 4,018,778</u>	<u>\$ 9,810,093</u>

ADAMS COUNTY, MISSISSIPPI
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR YEAR ENDED SEPTEMBER 30, 2016

	Adams County Airport Commission	Natchez-Adams County Port Commission	Total
EXPENSES:			
Governmental activities:			
Cost of operations	\$ 887,945	\$ 3,689,773	\$ 4,577,718
Interest and other charges	434	-	434
Total expenses	<u>888,379</u>	<u>3,689,773</u>	<u>4,578,152</u>
PROGRAM REVENUES:			
Charges for services	468,132	2,792,714	3,260,846
Operating grants and contributions	-	-	-
Capital grants and contributions	<u>1,061,395</u>	<u>664,516</u>	<u>1,725,911</u>
Total program revenues	<u>1,529,527</u>	<u>3,457,230</u>	<u>4,986,757</u>
NET (EXPENSE) REVENUE	641,148	(232,543)	408,605
GENERAL REVENUES:			
Contributions from Adams County	220,000	-	220,000
Investment earnings	172	242	414
Miscellaneous	<u>3,225</u>	<u>-</u>	<u>3,225</u>
Total general revenues	<u>223,397</u>	<u>242</u>	<u>223,639</u>
Change in net assets	864,545	(232,301)	632,244
Net position - beginning	<u>4,926,770</u>	<u>4,251,079</u>	<u>9,177,849</u>
Net assets - position	<u>\$ 5,791,315</u>	<u>\$ 4,018,778</u>	<u>\$ 9,810,093</u>

OTHER INFORMATION

ADAMS COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2016

UNAUDITED

Name	Position	Company	Bond
Mike Lazarus	Supervisor District 1	Brierfield	\$100,000
David Carter	Supervisor District 2	Brierfield	\$100,000
Angela Hutchins	Supervisor District 3	Brierfield	\$100,000
Darryl Grennell	Supervisor District 4	Brierfield	\$100,000
Ricky Gray	Supervisor District 4	C N A Surety	\$100,000
Calvin Butler	Supervisor District 5	Brierfield	\$100,000
Joseph H. Murray	County Administrator	Brierfield	\$100,000
Thomas O'Beirne	Chancery Clerk	Brierfield	\$100,000
Brandi Bilbo Lewis	Chancery Clerk	Brierfield	\$100,000
Frances Bell	Purchase Clerk	Western Surety	\$75,000
Kristie Sewell	Assistant Purchase Clerk	C N A Surety	\$50,000
Claudia White	Receiving Clerk	Western Surety	\$75,000
Marilyn Washington	Assistant Receiving Clerk	Western Surety	\$50,000
William Neely	Assistant Receiving Clerk	RLI Surety	\$50,000
Linda S. Futrell	Assistant Receiving Clerk	Western Surety	\$50,000
Evelyn H. Smith	Assistant Receiving Clerk	C N A Surety	\$50,000
James Wells	Assistant Receiving Clerk	Western Surety	\$50,000
Angie Isaac King	Assistant Receiving Clerk	Western Surety	\$50,000
Michael Chatman	Assistant Receiving Clerk	Western Surety	\$50,000
Jerry R. Buckles	Assistant Receiving Clerk	Western Surety	\$50,000
Warren Gaines	Assistant Receiving Clerk	Western Surety	\$50,000
John Michael Collier	Assistant Receiving Clerk	Western Surety	\$50,000
Angela Thornburg	Assistant Receiving Clerk	Brierfield	\$50,000
Clarise Martin	Assistant Receiving Clerk	Western Surety	\$50,000
Sammy Gaines	Assistant Receiving Clerk	Western Surety	\$50,000
Betty White	Assistant Receiving Clerk	Brierfield	\$50,000
Johnny Williams	Assistant Receiving Clerk	Western Surety	\$50,000
Shelia D. Jackson	Assistant Receiving Clerk	RLI Surety	\$50,000
Kenyatta Sampson	Assistant Receiving Clerk	C N A Surety	\$50,000
Corvet McNeal	Inventory Control Clerk	Western Surety	\$75,000
Robert Joseph Dollar	Road Manager	Western Surety	\$50,000
Ray Brown	Constable - Northern District	Brierfield	\$50,000
Willie B. Jones	Constable - Northern District	C N A Surety	\$50,000
Randall Lee Freeman	Constable - Southern District	Brierfield	\$50,000
Adam Kirk	Constable - Southern District	Brierfield	\$50,000
Eddie Walker	Circuit Clerk	Brierfield	\$100,000
Martha Dianne White	Deputy Circuit Clerk	Western Surety	\$100,000
Eva Givens	Deputy Circuit Clerk	Western Surety	\$100,000
Dianne B. Goodman	Deputy Circuit Clerk	Brierfield	\$100,000
Marilyn Jackson	Deputy Circuit Clerk	C N A Surety	\$100,000
Charles R. Mayfield, Jr.	Sheriff	Brierfield	\$100,000
Travis Patten	Sheriff	C N A Surety	\$100,000
Charles Vess	Justice Court Judge	Brierfield	\$50,000
Patricia Dunmore	Justice Court Judge	Brierfield	\$50,000
Audrey Bailey	Justice Court Clerk	Western Surety	\$50,000
Verna Johnson	Deputy Justice Court Clerk	Western Surety	\$50,000
Andrea Ford	Deputy Justice Court Clerk	Western Surety	\$50,000
Peter T. Burns, Jr.	Tax Collector	Brierfield	\$100,000
Reynolds Atkins	Tax Assessor	Brierfield	\$50,000
Mary Helen Flowers	Deputy Tax Assessor	Brierfield	\$10,000
Betty B. White	Deputy Tax Collector	Brierfield	\$50,000
Linda Golden	Deputy Tax Collector	Brierfield	\$50,000
Pamela Goldman	Deputy Tax Collector	Brierfield	\$50,000
LaKeysha Green	Deputy Tax Collector	Brierfield	\$50,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Adams 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 aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of Adams County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 25, 2018. Our report includes a reference to other auditors who audited the financial statements of Adams County Airport Commission and Natchez-Adams County Port Commission, as described in our report on the Adams County, Mississippi financial statements. This report does not include the results of the auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Adams County's Response to Finding

Adams County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Adams County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard PC
April 25, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Supervisors
Adams County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Adams County, Mississippi's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended September 30, 2016. Adams County, Mississippi's major federal program is 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Adams County, Mississippi's major federal program 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 the Audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Adams County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Adams County, Mississippi's compliance.

Opinion on the Major Federal Program

In our opinion, Adams 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 program for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of Adams County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Adams 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 Uniform Guidance, 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 Adams County, Mississippi'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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC

April 25, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Adams County, Mississippi

We have examined Adams County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Adams County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Adams County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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, in our opinion, is fairly presented in relation to that examination.

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BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 25, 2018

Certified Public Accountants

Adams County, Mississippi**Schedule 1**

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2016

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Purchase
3/21/2016	Caterpillar Wheel Loader	\$161,067	Puckett Machinery	\$159,900	Puckett offered the best buyback for Adams Co.

Adams County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

AdamsCounty, Mississippi**Schedule 3**

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2016

Date	Item Purchased	Amount Paid	Vendor
12/21/2015	E-911 Mapping Product	\$ 14,800	EZ911 INC
3/23/2016	Software Emergency Siren	\$ 6,138	Federal Signal Corp.

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Adams County, Mississippi

In planning and performing our audit of the financial statements of Adams County, Mississippi for the year ended September 30, 2016, we considered Adams 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 Adams 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 April 25, 2018, on the financial statements of Adams County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weakness. 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.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are described below:

Chancery Clerk.

1. Accounting system for Chancery Clerk fee clearing was not kept properly.

Finding:

The Chancery Clerk fee clearing account was improperly kept resulting in inaccurate amounts reported on the 2016 Annual Financial Report filed with the Office of the State

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Auditor. The original filing reported \$2,138 in amount due to the county. Examination of the fee journal kept by the Chancery Clerk noted the following:

1. County payroll income was not run through the fee clearing bank account and therefore, not posted to the fee journal for all monthly payroll periods in 2016.
2. Two claim checks were not run through the fee clearing bank account. A February court per diem totaling \$5,450 and June homestead reimbursement totaling \$539 were not posted to the fee journal.
3. Advances were made from the land redemption account to the fee clearing account totaling \$9,000 in anticipation of future clerk fee earnings. The net effect of these advances to actual clerk fees earned according to land redemption settlements showed \$6,600 more advanced to the clerk than was actually owed from the land redemption account (\$93,070.99 paid to the clerk in 2016 with \$86,470.99 owed from the land redemption account).

The net effect of the above activity resulted in the need for an amended 2016 annual financial report to be filed with the Office of the State Auditor. The amended amount now states that \$8,886.60 is owed to the county for fees earned over the statutory limit of \$90,000. As of the date of this finding, the amount has not been forwarded to the county. Another effect of the posting items listed is that the clerk drew more money from the fee clearing account than the \$90,000 statutory limit. At December 31, 2016, the clerk had \$3,821.34 reconciled cash balance in the fee clearing account. The amount overdrawn due to the posting items noted was \$5,065.26 which will have to be reimbursed to the county from a source other than a public account. Failure to maintain the fee clearing system would limit the amount available for recovery if a loss occurred.

Recommendation:

We recommend the Chancery Clerk maintain the fee clearing account accurately by depositing county payroll income and county claim checks that are not reimbursements into the fee clearing bank account and post these transactions to the fee clearing journal. Also, we recommend the Chancery Clerk cease advancing future earnings from the land redemption account.

Chancery Clerk's Response:

We have a plan to implement the changes stated above and are in the process of working with the auditor to clear up all of the issues related to the journal, payroll and accounts.

Adams County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 25, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Adams County, Mississippi

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2016

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes.
 - b. Significant deficiency identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? No.
 - b. Significant deficiency identified? None reported.
5. Type of auditor's report issued on compliance for major federal programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation Grant

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? No.

Section II: Financial Statement Findings

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

Material Weaknesses

Finding 2016-001

Criteria:

An effective system of internal control should ensure that bank reconciliations are properly prepared.

Condition:

Discrepancies were noted in several transactions between the amount recorded in the general ledger and the actual amount per the bank statement, with some transactions being recorded in the general ledger for incorrect amounts and some transactions not being recorded at all in the general ledger. The bank statements for September 2016 were reconciled in calendar year 2017.

Cause:

Reconciling was not performed in a timely manner the month after activity was performed.

Effect:

The failure to record transactions in the general ledger for the correct amounts resulted in a misstatement of the bank balance in the general ledger and could result in the loss of public funds.

Recommendation:

Every effort should be made to ensure that transactions are recorded in the general ledger for the correct amounts and that all transactions are recorded in the general ledger. Furthermore, when errors in the general ledger are discovered during the reconciliation process, the corrections should be made to the balance per the general ledger, not the balance per the bank statement on the reconciliation. Journal entries should also be recorded to correct all errors noted during the reconciliation in a timely manner the month after the end of activity.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

BOARD OF SUPERVISORS

ADAMS COUNTY

314 STATE STREET

NATCHEZ, MS 39120

Tel:(601)-442-2431

Fax:(601)-304-8088

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG), the Adams County has prepared and hereby submits the following summary schedule of prior audit findings as of September 30, 2016:

<u>Finding</u>	<u>Status</u>
2015-001	Not corrected (See 2016-001)

AUDITEE'S CORRECTIVE ACTION PLAN

**BOARD OF SUPERVISORS
ADAMS COUNTY**

*Mike Lazarus, DIST. 1
David Carter, DIST. 2
Angela G. Hutchins, DIST. 3
James "Rickey" Gray, DIST. 4
Calvin Butler, DIST. 5*

*314 State Street
Natchez, Mississippi 39120
Phone: 601-442-2431
Fax: 601-304-8088*

Re: Corrective Action Plan Adams County Board of Supervisors

CORRECTIVE ACTION PLAN 2016-001: The Adams County Board of Supervisors has now contracted with a CPA firm to perpetually maintain our financials and to prepare our year-end financial statements. Part of their contractual duties will be monthly reconciliation of the bank statements. This addresses the above finding.

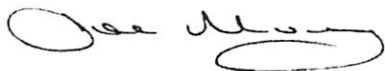
ANTICIPATED DATE OF COMPLETION FOR CORRECTIVE ACTION: Corrected

By implementing these corrective actions, the Adams County Board of Supervisors will ensure that there is a more accurate and compliant representation of its finances.

NAME OF PERSON(S) RESPONSIBLE FOR CORRECTIVE ACTION:

**Joe Murray, Adams County Administrator, 601-445-7934
Brandi Lewis, Adams County Chancery Clerk, 601-304-7822**

Joe Murray



Adams County Administrator