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

Fortenberry & Ballard, PC
Certified Public Accountants

Carroll County, Mississippi
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Carroll County Location in Mississippi



Carroll County was established by the Mississippi legislature in 1833 from the land ceded by the Choctaw Indians under the Treaty of Dancing Rabbit Creek in 1830. It was named for Charles Carroll, a signer of the Declaration of Independence. Because of its original size, 908 square miles, Carroll county had two county seats, Carrollton and Vaiden. In 1870, significant portions of this county were used to form other counties, such as: Leflore, Grenada and Montgomery. This reduced its size to the present 615 square miles.

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the Board of Supervisors
Carroll County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Carroll County, Mississippi's basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carroll 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 County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and corresponding notes to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to

the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements 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 7, 2018, on our consideration of the Carroll 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 Carroll County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 7, 2018

Certified Public Accountants

FINANCIAL STATEMENTS

CARROLL COUNTY, MISSISSIPPI

Statement of Net Position

September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,684,552	434,364	5,118,916
Investments		1,461,378	1,461,378
Property tax receivable	3,354,096		3,354,096
Accounts receivable (net of allowance for uncollectibles of \$473,877)	159,662		159,662
Fines receivable (net of allowance for uncollectibles of \$915,815)	369,456		369,456
Capital leases receivable	822,267		822,267
Intergovernmental receivables	212,109	257,639	469,748
Other receivables	42,981	5,087	48,068
Special assessments receivable	2,242		2,242
Capital assets:			
Land and construction in progress	3,036,695		3,036,695
Other capital assets, net	10,989,627	3,020,363	14,009,990
Total Assets	23,673,687	5,178,831	28,852,518
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	634,735	430,226	1,064,961
Total Deferred Outflows of Resources	634,735	430,226	1,064,961
LIABILITIES			
Claims payable	210,334	75,101	285,435
Intergovernmental payables	86,627	7,521	94,148
Amounts held in custody for others	37,073		37,073
Accrued interest payable	16,230	11,281	27,511
Unearned revenue	30,632		30,632
Long-term liabilities			
Due within one year:			
Capital debt	382,531	445,000	827,531
Non-capital debt	92,306		92,306
Due in more than one year:			
Capital debt	1,705,750	440,000	2,145,750
Non-capital debt	642,154		642,154
Compensated absences		12,815	12,815
Net pension liability	5,555,971	3,469,592	9,025,563
Total Liabilities	8,759,608	4,461,310	13,220,918
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	3,354,096		3,354,096
Interest income on capital lease for future reporting period	90,150		90,150
Special Assessment tax for future reporting period	2,242		2,242
Total Deferred Inflows of Resources	3,446,488	-	3,446,488
NET POSITION			
Net Investment in Capital Assets	11,938,041	2,135,363	14,073,404
Restricted:			
Expendable:			
General Government	100,847		100,847
Debt Service	10,536	351,288	361,824
Public Safety	621,772		621,772
Public Works	1,908,455		1,908,455
Health & Welfare	36,674		36,674
Unrestricted	(2,513,999)	(1,338,904)	(3,852,903)
Total Net Position	\$ 12,102,326	1,147,747	13,250,073

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

CARROLL 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	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<u>Primary government:</u>								
Governmental activities:								
General government	\$ 2,216,603	300,096	10,481		(1,906,026)		(1,906,026)	
Public safety	1,334,072	99,831	57,782	108,729	(1,067,730)		(1,067,730)	
Public works	3,106,157	723,850	1,037,688	835,570	(509,049)		(509,049)	
Health and Welfare	97,601		16,619	6,428	(74,554)		(74,554)	
Culture and recreation	134,253				(134,253)		(134,253)	
Conservation of natural resources	75,516				(75,516)		(75,516)	
Economic development and assistance	220,633		384	203,281	(16,968)		(16,968)	
Interest on long-term debt	76,304				(76,304)		(76,304)	
Pension Expense	658,114				(658,114)		(658,114)	
Total Governmental Activities	7,919,253	1,123,777	1,122,954	1,154,008	(4,518,514)	-	(4,518,514)	
Business-type activities:								
Regional jail	2,827,898	2,931,577			0	103,679	103,679	
Total Business-type Activities	2,827,898	2,931,577	0	0	0	103,679	103,679	
Total Primary Government	\$ 10,747,151	4,055,354	1,122,954	1,154,008	(4,518,514)	103,679	(4,414,835)	
General revenues:								
Property taxes					\$ 4,511,220		4,511,220	
Road & bridge privilege taxes					143,930		143,930	
Grants & contributions not restricted to specific programs					279,476		279,476	
Unrestricted interest income					35,689		35,689	
Unrestricted Investment Income						3,560	3,560	
Miscellaneous					295,865	93,179	389,044	
Total General Revenues					5,266,180	96,739	5,362,919	
Changes in Net Position					747,666	200,418	948,084	
Net Position - Beginning, as originally reported					11,360,539	922,907	12,283,446	
Prior Period Adjustments					(5,879)	24,422	18,543	
Net Position - Beginning, as restated					11,354,660	947,329	12,301,989	
Net Position - Ending					\$ 12,102,326	1,147,747	13,250,073	

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

CARROLL COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2016

Exhibit 3

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Bridge</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 1,985,156	214,019	2,485,377	4,684,552
Property tax receivable	2,217,668	171,510	964,918	3,354,096
Accounts receivable (net of allowance for uncollectibles of \$473,877)			159,662	159,662
Fines receivable (net of allowance for uncollectibles of \$915,815)	369,456			369,456
Capital lease receivable			822,267	822,267
Intergovernmental Receivables	116,077	42,512	53,520	212,109
Other receivables	4		42,977	42,981
Due from Other funds		112	41,353	41,465
Special assessments receivable			2,242	2,242
Total Assets	<u>4,688,361</u>	<u>428,153</u>	<u>4,572,316</u>	<u>9,688,830</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	55,655	29,849	124,830	210,334
Intergovernmental payables	86,582		45	86,627
Due to other funds	41,465			41,465
Unearned revenue			30,632	30,632
Amount held in custody for others	37,073			37,073
Total Liabilities	<u>220,775</u>	<u>29,849</u>	<u>155,507</u>	<u>406,131</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	2,217,668	171,510	964,918	3,354,096
Unavailable revenue - capital lease			822,267	822,267
Unavailable revenue - fines	369,456			369,456
Unavailable revenue - accounts receivable			159,662	159,662
Unavailable revenue - special assessment tax			2,242	2,242
Total Deferred Inflows of Resources	<u>2,587,124</u>	<u>171,510</u>	<u>1,949,089</u>	<u>4,707,723</u>
Fund Balances:				
Restricted for:				
General Government			100,847	100,847
Public Safety			617,193	617,193
Public Works		226,794	1,620,231	1,847,025
Debt Service			26,766	26,766
Committed:				
Public Safety			4,579	4,579
Public Works			61,430	61,430
Health & Welfare			36,674	36,674
Unassigned	1,880,462			1,880,462
Total Fund Balances	<u>1,880,462</u>	<u>226,794</u>	<u>2,467,720</u>	<u>4,574,976</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,688,361</u>	<u>428,153</u>	<u>4,572,316</u>	<u>9,688,830</u>

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

CARROLL COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,574,976
Amounts reported for governmental services in the Statement of Net Assets 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 \$7,750,759.	14,026,322
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	529,118
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(2,822,741)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	732,117
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(16,230)
Pension obligations are not due and payable in the current period and, therefore are not reported in the funds.	(5,555,971)
Deferred outflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds	<u>634,735</u>
Total Net Position - Governmental Activities	<u><u>\$ 12,102,326</u></u>

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

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

	Major Funds		Other	Total
	General	Bridge	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES				
Property taxes	\$ 2,999,576	220,277	1,291,367	4,511,220
Road and bridge privilege taxes			143,930	143,930
Licenses, commissions, & other revenue	117,069		742	117,811
Fines and forfeitures	196,057		7,346	203,403
Special assessments			1,275	1,275
Intergovernmental revenues	334,223	1,330,971	889,969	2,555,163
Charges for services	4,656		790,811	795,467
Interest income	4,905	744	30,040	35,689
Miscellaneous revenues	73,774		185,514	259,288
Total Revenues	<u>3,730,260</u>	<u>1,551,992</u>	<u>3,340,994</u>	<u>8,623,246</u>
EXPENDITURES				
Current:				
General government	2,094,959		210,311	2,305,270
Public safety	938,985		530,141	1,469,126
Public works	16,782	1,623,836	2,225,352	3,865,970
Health and welfare	77,043		16,746	93,789
Culture and recreation	124,696			124,696
Conservation of natural resources	82,596			82,596
Economic development assistance	17,352		203,281	220,633
Debt Service:				
Principal	11,222		317,200	328,422
Interest	342		77,541	77,883
Total Expenditures	<u>3,363,977</u>	<u>1,623,836</u>	<u>3,580,572</u>	<u>8,568,385</u>
Excess (Deficiency) of Revenue over (under) expenditures	<u>366,283</u>	<u>(71,844)</u>	<u>(239,578)</u>	<u>54,861</u>
OTHER FINANCING SOURCES (USES)				
Long term capital debt issued	64,444		106,519	170,963
Proceeds from sale of capital assets			45,800	45,800
Transfers in			230,000	230,000
Transfers out	(230,000)			(230,000)
Lease principal payments			87,901	87,901
Total Other Financing Sources (Uses)	<u>(165,556)</u>	<u>-</u>	<u>470,220</u>	<u>304,664</u>
Net Changes in Fund Balance	<u>200,727</u>	<u>(71,844)</u>	<u>230,642</u>	<u>359,525</u>
Fund Balance - Beginning	<u>1,679,735</u>	<u>298,638</u>	<u>2,237,078</u>	<u>4,215,451</u>
Fund Balances - Ending	<u>\$ 1,880,462</u>	<u>226,794</u>	<u>2,467,720</u>	<u>4,574,976</u>

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

CARROLL 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	\$ 359,525
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 \$1,318,087 exceeded depreciation of \$662,680 in the current period.	655,407
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$36,577 and loss of \$7,853 and the proceeds from the sale of \$45,800.	(17,076)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(6,221)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	13,317
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduced long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$328,422 exceeded debt proceeds of \$170,963.	157,459
Items reported in the Statement of Activities related to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year.	(658,114)
Recognition of contributions made subsequent to the measurement date.	87,635
Recognition of contributions made prior to the measurement date.	242,056
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 assets differs from the change in fund balances by a combination of the following:	
The amount of the decrease in accrued interest payable	1,579
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(87,901)
Change in Net Position of Governmental Activities	<u>\$ 747,666</u>

The ¹⁴notes to the financial statements are an integral part of this statement.

CARROLL COUNTY, MISSISSIPPI
Statement of Net Position - Proprietary Fund
September 30, 2016

Exhibit 5

	Business-type Activities CMRCF Fund
ASSETS	
Current assets:	
Cash	\$ 434,364
Investments	1,461,378
Intergovernmental receivables	257,639
Other receivables	5,087
Total Current Assets	<u>2,158,468</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>3,020,363</u>
Total Noncurrent Assets	<u>3,020,363</u>
Total Assets	<u>5,178,831</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>430,226</u>
Total Deferred Outflows of Resources	<u>430,226</u>
LIABILITIES	
Current liabilities:	
Claims payable	75,101
Intergovernmental payable	7,521
Accrued interest payable	11,281
Capital debt:	
Other long-term liabilities	<u>445,000</u>
Total Current Liabilities	<u>538,903</u>
Noncurrent liabilities:	
Capital debt:	
Other long-term liabilities	440,000
Non-capital debt:	
Compensated absences payable	12,815
Net pension liability	<u>3,469,592</u>
Total Noncurrent Liabilities	<u>3,922,407</u>
Total Liabilities	<u>4,461,310</u>
NET POSITION	
Net investment in capital assets	2,135,363
Restricted for:	
Debt service	351,288
Unrestricted	<u>(1,338,904)</u>
Total Net Position	<u>\$ 1,147,747</u>

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

CARROLL COUNTY, MISSISSIPPIExhibit 6

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

	Business-type Activities CMRCF Fund
OPERATING REVENUES	
Charges for services	\$ 2,931,577
Miscellaneous	89,245
Total Operating Revenues	<u>3,020,822</u>
OPERATING EXPENSES	
Personal services	1,546,125
Contractual services	315,409
Materials and supplies	430,899
Pension Expense	341,638
Depreciation expense	120,440
Indirect administrative cost	21,264
Total Operating Expenses	<u>2,775,775</u>
Operating Income (Loss)	<u>245,047</u>
NON-OPERATING REVENUES (EXPENSES):	
Unrealized gain (loss) on fair market value of investments	3,560
Loss on disposal of capital assets	(26,805)
Gain on sale of assets	3,934
Interest Expense	(41,930)
Net Non-Operating Revenue (Expenses)	<u>(61,241)</u>
Capital contributions	<u>16,612</u>
Change in Net Position	<u>200,418</u>
Net Position - Beginning, as originally reported	922,907
Prior period adjustment	24,422
Net Position - Beginning, as restated	<u>947,329</u>
Net Position - Ending	<u><u>\$ 1,147,747</u></u>

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

CARROLL COUNTY, MISSISSIPPI
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2016

Exhibit 7

	Business-type Activities CMRCF Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 2,921,022
Payments to suppliers	(445,118)
Payments to employees	(1,722,143)
Payments for contractual services	(327,249)
Payments to General Fund for indirect costs	(21,264)
Other operating receipts	97,470
Net Cash Provided (Used) by Operating Activities	<u>502,718</u>
Cash Flows From Capital and Related Financing Activities:	
Principal paid on long-term debt	(435,000)
Interest paid on debt	(47,005)
Compensated for loss of capital assets	23,066
Purchase of capital assets	(38,199)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(497,138)</u>
Cash Flows From Investing Activities:	
Sale of investments	414,345
Interest on investments	3,560
Net Cash Provided (Used) by Investing Activities	<u>417,905</u>
Net Increase (Decrease) in Cash and Cash Equivalents	423,485
Cash and Cash Equivalents at Beginning of Year	10,879
Cash and Cash Equivalents at End of Year	<u>\$ 434,364</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ 245,047</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	120,440
Changes in assets, deferred outflows of resources and liabilities:	
Increase (decrease) in compensated absences payable	(171)
(Increase) decrease in intergovernmental receivables	(10,555)
(Increase) decrease in other receivables	8,225
(Increase) decrease in deferred outflows of resources	157,360
Increase (decrease) in claims payable	(38,280)
Increase (decrease) in pension liability	13,131
Increase (decrease) in intergovernmental payable	7,521
Total Adjustments	<u>257,671</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 502,718</u>

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

CARROLL COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 3,845
Total Assets	<u>3,845</u>
LIABILITIES	
Amounts held in custody for others	3,845
Total Liabilities	<u>\$ 3,845</u>

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

Carroll County, Mississippi

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Carroll 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 Carroll County to present these financial statements on the primary government and its component units which have significant operational or financial relationships 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's legal entity and therefore are reported as part of the primary government financial statements.

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

The Carroll County Economic Development District is comprised solely of the five members of the Carroll County Board of Supervisors. Although it is created legally separate from the county under Section 19-5-99, Miss. Code Ann. (1972), the district is reported as if it were part of the primary government because its sole purpose is to enhance and develop the economic development resources of the County.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary 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 asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of the Proprietary Fund 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 sixty 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 is incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental funds:

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

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

The County reports the following major Proprietary Fund:

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

Carroll-Montgomery Regional Correctional Facility (CMRCE) - This fund is used to account for the County's activities of operating the correctional facility.

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPES

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

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within the governmental

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

activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

I. Capital Assets.

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

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

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

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

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

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

J. Deferred Outflows/Inflows of Resources

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

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

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 9 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 and acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

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

Special Assessment tax for future reporting period/unavailable revenue-special assessment 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.

K. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of 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.

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

M. Equity Classifications.

Government-wide Financial Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other

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

borrowings attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general 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 restricted, committed, or unassigned. The following are descriptions of fund classifications used by the County:

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

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

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

Fund Balance Flow Assumptions:

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 the 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

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

110% of the amount which resulted from the assessments of the previous year.

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

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

The Carroll-Montgomery Regional Correctional Facility 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 Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Governmental Activities:	
To correct capital assets	<u>\$ (5,879)</u>

Exhibit 6 - Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund

<u>Explanation</u>	<u>Amount</u>
Business-type Activities:	
To correct capital assets	<u>\$ 24,422</u>

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

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$5,122,761 and the bank balance was \$5,344,721. 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 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 Depository 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 FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

Investments balances at September 30, 2016 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Hancock Horizon Governmental MMF Class A	Less than One Year	\$ 1,101,798
US Treasury Notes	2 years 1 month	359,480
Qualified Obligation Bond	2 years 2 months	100
Total		<u>\$ 1,461,378</u>

Interest Rate Risk. The County does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29 and 91-13-8, Mississippi Code Ann. (1972) limits the maturity period of any investment to no more than one year.

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. These investments are uninsured, unregistered and were held by the counterparty in trust accounts 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bridge Fund	General Fund	112
Other Governmental Funds	General Fund	41,353
Total		<u>\$ 41,465</u>

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

The receivables from the General Fund to the Bridge Fund and Other Governmental Funds represent the tax revenue collected but not settled until October, 2016.

B. Transfers In/Out:

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General	<u>\$ 230,000</u>

The purpose of interfund transfers was to cover operating expenses and to disburse Reappraisal and Escrow monies.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 78,687
DUI Grant	15,378
Occupant protection enforcement grant	3,270
Emergency management performance grant	7,128
Emergency medical	6,859
Welfare reimbursement	854
Overweight fines	175
Timber severance tax	916
Garbage fees	3,000
Motor vehicle fuel tax	43,439
Harvest permit	1,285
Tag proportion privilege tax	5,618
Waste tire grant	2,580
Waste treatment	408
State aid road	<u>42,512</u>
Total Governmental Activities	<u>\$ 212,109</u>
Business-type Activities:	
Reimbursement for inmate litter pickup	\$ 103
Reimbursement for inmate medical	104
Reimbursement for housing prisoners	<u>257,432</u>
Total Business-type Activities	<u>\$ 257,639</u>

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

(6) 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	Transfers & Adjustments	Balance Sept.30, 2016
<u>Non Depreciable Capital Assets:</u>					
Land	\$ 192,419				192,419
Construction in progress	2,261,469	834,295		(251,488)	2,844,276
Total Non Depreciable Capital Assets	2,453,888	834,295	0	(251,488)	3,036,695
<u>Depreciable Capital Assets:</u>					
Infrastructure	8,514,935			251,488	8,766,423
Buildings	2,138,258				2,138,258
Mobile equipment	6,337,814	315,462	170,759	(51,566)	6,430,951
Furniture and equipment	627,795			113,209	741,004
Leased property under capital leases	645,259	168,330		(149,839)	663,750
Total depreciable capital assets	18,264,061	483,792	170,759	163,292	18,740,386
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,559,322	190,509		(6,786)	1,743,045
Buildings	670,756	41,399			712,155
Mobile equipment	4,393,374	302,651	153,683	(34,970)	4,507,372
Furniture and equipment	464,875	46,716		76,052	587,643
Leased property under capital leases	235,752	81,405		(116,613)	200,544
Total Accumulated Depreciation	7,324,079	662,680	153,683	(82,317)	7,750,759
Total Depreciable Capital Assets, Net	10,939,982	(178,888)	17,076	245,609	10,989,627
Governmental Activities Cap. Assets, Net	\$ 13,393,870	655,407	17,076	(5,879)	14,026,322

Business-type Activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept.30,2016
<u>Non Depreciable Capital Assets</u>					
<u>Depreciable Capital Assets</u>					
Buildings	\$ 4,575,063				4,575,063
Mobile equipment	140,768	30,550	28,313	9,291	152,296
Furniture and equipment	228,528	7,649	10,119		226,058
Total Depreciable Capital Assets	4,944,359	38,199	38,432	9,291	4,953,417
<u>Less accumulated depreciation for:</u>					
Buildings	1,555,521	91,501			1,647,022
Mobile equipment	98,401	22,131		(15,131)	105,401
Furniture and equipment	182,930	6,808	9,107		180,631
Total accumulated depreciation	1,836,852	120,440	9,107	(15,131)	1,933,054
Total depreciable capital assets, net	\$ 3,107,507	(82,241)	29,325	24,422	3,020,363

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

The building for the CMRCF is constructed on sixteenth section land that is not owned by the County.

*Adjustments are to reclassify completed construction in progress to infrastructure, to reclassify paid out lease purchases to their proper classifications and to correct prior period capital asset balances.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 64,714
Public safety	120,718
Public works	459,153
Health and welfare	7,489
Culture and Recreation	9,557
Conservation of Natural Resources	1,049
Total governmental activities depreciation expense	<u>\$ 662,680</u>
Business-type activities:	
Correctional facility	<u>\$ 120,440</u>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Old Highway 430-BR-0709(7)B	\$ 225,000	12/2016

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity 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.

(8) Capital Leases.

As Lessor:

On 12/05/2005, Carroll County entered into a capital lease agreement with the Anel Corporation for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$49,913 per year in lease payments commencing March 2026 for a term of 20.25 years. At the end of the lease term, the Anel Corporation has the option to purchase the building for the final payment of \$19,924.

On 06/26/2012, Carroll County entered into a capital lease agreement with the Anel Corporation for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$61,412 per year in lease payments commencing June 2022 for a term of 10 years. At the end of the lease term, the Anel Corporation has the option to purchase the building for the final payment of \$46,061.

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

The County leases the following property with varying terms and options as of September 30, 2016:

<u>Classes of Property</u>	<u>Amount</u>
Anel Building	\$ 1,280,000 *

* Building listed at historical cost

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2016, are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 90,575	20,752
2018	93,329	17,996
2019	96,168	15,158
2020	99,093	12,232
2021	102,107	9,219
2022-2026	250,845	14,793
Total	<u>\$ 732,117</u>	<u>90,150</u>

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 648,814
Other furniture and equipment	14,936
Less: Accumulated depreciation	<u>(200,544)</u>
Leased Property Under Capital Leases	<u>\$ 463,206</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 227,200	6,059
2018	69,804	3,285
2019	59,237	1,954
2020	38,575	869
2021	19,535	309
Total	<u>\$ 414,351</u>	<u>12,476</u>

(9) Defined Benefit Pension Plan.

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

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

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 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 share 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 year ended September 30, 2016, 2015 and 2014 were \$500,838, \$569,362, and \$560,381 respectively, equal to the required contribution for each year.

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 \$9,025,563 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's proportionate share used to calculate the September 30, 2016 net pension liability was .050528 percent, which was based on a measurement date of June 30, 2016. This was a decrease of .007611 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 \$999,752. At September 30, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 148,893
Net difference between projected and actual earnings on pension plan investments	713,208
Changes of assumptions	
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	69,732
County contributions subsequent to the measurement date	133,128
Total	<u>\$ 1,064,961</u>

\$133,128 reported as deferred outflows of resources related to pension 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:

Year ending September 30:	
2017	\$ 228,669
2018	228,669
2019	202,478
2020	272,017
Total	<u>\$ 931,833</u>

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

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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with male 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 estimated future real rates of return (expected nominal returns , net of pension plan investments expense and the assumed rate of inflation) are developed for each major 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:

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

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 11,572,795	\$ 9,025,563	\$ 6,912,185

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at www.pers.ms.gov.

(10) Long-term Debt.

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

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds: Road & Bridge Bonds, Series 2012	<u>\$ 1,555,000</u>	2.30-3.25%	05/27
B. Special Assessment Debt with Commitments County Road 365*	<u>\$ 2,269</u>	6.00%	06/18
C. Capital Leases:			
2012 Dodge Ram 1500	5,680	2.24%	04/17
2014 Volvo Motor Grader	137,682	1.95%	07/17
2012 F150 Crew Cab	5,355	2.24%	08/17
2015 Ford F-150 Crew Cab	23,985	2.09%	10/17
2009 Chevrolet Silverado 1500 Truck	11,268	1.94%	11/17
2005 International dump truck	8,620	2.15%	12/17
Toshiba Copier	3,829	1.90%	02/18
Canon/IRAC 250IF	1,983	2.90%	03/18
Konica Minolta Copier	3,116	2.20%	04/18
2005 Case backhoe	6,791	2.09%	05/18
2010 Kamatsu Excavator	49,672	2.24%	12/19
2012 GMC Sierra Truck	23,028	1.89%	06/20
Kubota tractor and boom mower	36,411	2.45%	09/20
2016 Ford Explorer	31,019	1.90%	10/20
2016 Ford Explorer	30,792	1.90%	10/20
2016 GMC Sierra 150	<u>35,120</u>	1.95%	08/21
Total Capital Leases	<u>\$ 414,351</u>		
D. Other Loans:			
CAP loan - fire protection	6,751	2.00%	06/17
CAP loan - Anel Building	324,241	3.00%	02/19
CAP loan - fire protection	53,364	3.00%	07/19
Negotiable Note	56,546	2.25%	08/20
CAP loan - Anel Building	<u>410,219</u>	3.00%	03/26
Total Other Loans	<u>\$ 851,121</u>		
Business-type Activities:			
A. Limited Obligation Bonds: Urban renewal refunding revenue bonds**	<u>\$ 885,000</u>	3.00-4.00%	12/17

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

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Debt</u>	
	Principal	Interest	Principal	Interest
2017	\$ 120,000	38,840	1,120	140
2018	125,000	34,940	1,149	72
2019	130,000	30,878		
2020	130,000	27,140		
2021	135,000	24,150		
2022-2026	750,000	71,875		
2027	165,000	3,794		
Total	\$ 1,555,000	231,617	2,269	212

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	Principal	Interest
2017	\$ 126,517	23,561
2018	117,771	24,028
2019	125,364	16,435
2020	123,905	12,739
2021	102,107	9,220
2022-2026	255,457	14,735
Total	\$ 851,121	100,718

Business-type Activities:

<u>Year Ending September 30</u>	<u>Limited Obligation Bonds</u>	
	Principal	Interest
2017	\$ 445,000	25,722
2018	440,000	8,800
Total	\$ 885,000	34,522

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 1.95% of the latest property assessments.

Special Assessment Debt with Commitments

- * Special assessment debt of \$9,368 was issued on June 2, 2008, to pave roads under the provisions of Section 65-19-88, Miss. Code Ann. (1972). A special assessment tax was levied against all of the benefitted property owners. The County will levy annually this special assessment tax upon all taxable property in the benefitted area of County Road 365 adequate and sufficient to provide for the payment of the principal and interest on the bonds as the same falls due over a period of ten years. The principal balance outstanding at September 30, 2016, is \$2,269.

Limited Obligation Bonds

- ** Limited obligation urban renewal revenue refunding bonds, designed as "qualified tax exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, were issued with a face value of \$3,490,000 for the purpose of refinancing limited obligation renewal bonds issued December 1, 1997,

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

issued for the construction and equipping of the Carroll-Montgomery Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The sole source of payment for the revenue bonds is income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners.

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
Governmental Activities:						
General obligation bonds	\$ 1,670,000		115,000		1,555,000	120,000
Special assessment debt with commitments	3,342		1,073		2,269	1,120
Capital leases	332,418	170,963	89,030		414,351	227,200
Other loans	974,440		123,319		851,121	126,517
Total	\$ 2,980,200	170,963	328,422	0	2,822,741	474,837
Business-type Activities:						
Compensated absences	\$ 12,986		171		12,815	
Limited obligation bonds	1,320,000		435,000		885,000	445,000
Total	\$ 1,332,986	-	435,171	0	897,815	445,000

(11) 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.

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Carroll County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated \$156,545 for maintenance and support of the college in fiscal year 2016.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery, and Yalobusha. The Carroll County Board of Supervisors

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

appoints four of the 28 members of the district board of directors. The County appropriated \$17,352 for support of the district in the fiscal year 2016.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Carroll County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$25,000 for support of the center in fiscal year 2016.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Carroll County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County appropriated \$5,452 for the support of the district in the fiscal year 2016.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Carroll County Board of Supervisors appoints one of the 9 members of the board of commissioners. The County did not appropriate for the support of the authority in the fiscal year 2016.

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$2,513,999) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$87,635 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 \$547,100 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position amount of (\$1,338,904) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$45,493 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 \$384,733 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

The unrestricted net position amount of (\$2,513,999) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property tax. The \$3,354,096 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 (\$2,513,999) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from interest income of capital lease. The \$90,150 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 (\$2,513,999) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from Special Assessment tax. The \$2,242 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 two years.

(14) 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

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

Position date require disclosure in the accompanying notes. Management of Carroll County evaluated the activity of the County through the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Issue Date	Interest Rate		Issue Amount	Type of Financing
12/12/16	1.85%	\$	156,510	Capital Lease
3/27/17	1.89%	\$	39,562	Capital Lease
4/14/17	1.89%	\$	39,518	Capital Lease
7/6/17	1.89%	\$	39,557	Capital Lease
6/22/17	2.00%	\$	75,000	Capital Lease

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL 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 Positive (Negative)
REVENUES				
Property taxes	\$ 3,018,012	2,997,582	2,997,582	-
Licenses, commissions and other revenue	88,075	118,638	118,638	-
Fines and forfeitures	126,000	195,327	195,327	-
Charges for services	4,200	4,608	4,608	-
Intergovernmental revenues	367,552	309,752	309,752	-
Interest income	4,200	4,905	4,905	-
Miscellaneous revenues	15,275	70,116	70,116	-
Total Revenues	<u>3,623,314</u>	<u>3,700,928</u>	<u>3,700,928</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,210,173	2,089,723	2,089,723	-
Public safety	876,275	927,681	927,681	-
Public works	15,240	16,775	16,775	-
Health and welfare	85,000	77,036	77,036	-
Culture and recreation	133,929	125,110	125,110	-
Conservation of natural resources	84,735	82,016	82,016	-
Economic development	17,352	17,352	17,352	-
Debt service:				
Principal		11,215	11,215	
Interest		349	349	-
Total Expenditures	<u>3,422,704</u>	<u>3,347,257</u>	<u>3,347,257</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>200,610</u>	<u>353,671</u>	<u>353,671</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	97,206	68,095	68,095	-
Other Financing Uses	(290,208)	(230,000)	(230,000)	-
Total Other Financing Sources (Uses)	<u>(193,002)</u>	<u>(161,905)</u>	<u>(161,905)</u>	<u>-</u>
Net Change in Fund Balance	7,608	191,766	191,766	-
Fund Balances - Beginning	<u>1,270,000</u>	<u>1,660,639</u>	<u>1,660,639</u>	<u>-</u>
Fund Balances - Ending	<u><u>1,277,608</u></u>	<u><u>1,852,405</u></u>	<u><u>1,852,405</u></u>	<u><u>-</u></u>

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

CARROLL COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Bridge Fund

For the Year Ended September 30, 2016

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 221,156	222,697	222,697	-
Intergovernmental Revenues		170,579	170,579	-
Interest Income	1,000	744	744	-
Total Revenues	<u>222,156</u>	<u>394,020</u>	<u>394,020</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	<u>222,156</u>	<u>519,226</u>	<u>519,226</u>	<u>-</u>
Total Expenditures	<u>222,156</u>	<u>519,226</u>	<u>519,226</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(125,206)</u>	<u>(125,206)</u>	<u>-</u>
Net Change in Fund Balance	-	(125,206)	(125,206)	-
Fund Balances - Beginning	<u>600,000</u>	<u>339,225</u>	<u>339,225</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 600,000</u>	<u>214,019</u>	<u>214,019</u>	<u>-</u>

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

Carroll County, Mississippi

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

PERS

Last 10 Fiscal Years*

For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.050528%	0.058139%	0.058691%
County's proportionate share of the net pension liability (asset) \$	9,025,563	8,987,142	7,124,013
County's covered - employee payroll	3,179,924	3,632,216	3,586,343
County's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	283.83%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

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

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

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

Carroll County, Mississippi
Schedule of the County's Contributions
PERS
Last 10 Fiscal Years*
For the Year Ended Spetember 30, 2016

	2016	2015	2014
Contractually required contribution	\$ 500,838	569,362	560,381
Contributions in relation to the contractually required contribution	500,838	569,362	560,381
Contribution deficiency (excess)	\$ -	-	-
County's covered - employee payroll	3,179,924	3,614,997	3,557,975
Contributions as a percentage of covered - employee payroll	15.75%	15.75%	15.75%

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

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

CARROLL COUNTY, MISSISSIPPI

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

1. Budget

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	Bridge Fund
Budget (Cash Basis)	\$ 191,766	(125,206)
Increase (Decrease)		
Net adjustments for revenue accruals	25,681	35,907
Net adjustments for expenditure accruals	(16,720)	17,455
GAAP Basis	<u>\$ 200,727</u>	<u>(71,844)</u>

CARROLL COUNTY, MISSISSIPPI

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

2. Pension Schedules

A. Changes in 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. Changes of assumptions.

In 2015 and later, the expectation of retiree life mortality was changed to the RP-2014 Health Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual 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 assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

SUPPLEMENTARY INFORMATION

CARROLL COUNTY, MISSISSIPPI

Reconciliation of Operating Costs of Solid Waste

For the Year Ended September 30, 2016

OPERATING EXPENDITURES, CASH BASIS:

Salaries	\$	37,863
Solid waste pickup and disposal fees		600,559
Utilities		9,688
Supplies		<u>2,800</u>

Solid Waste Operating Expenditures, Cash Basis	\$	650,910
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FULL COST EXPENSES:

Indirect administrative costs	\$	10,435
Net effect of other accrued expenses		<u>51,938</u>

Solid Waste Full Cost Operating Expenditures	\$	<u><u>713,283</u></u>
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OTHER INFORMATION

CARROLL COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Position/Name		Bonding Company	Bond Amount
Terry Herbert	Supervisor, District 1	Western Surety Company	\$ 100,000
James A. Neill, Jr.	Supervisor, District 1	Western Surety Company	\$ 100,000
Lloyd "Honey" Ashmore	Supervisor, District 2	Fidelity	\$ 100,000
Terry G. Brown	Supervisor, District 2	Western Surety Company	\$ 100,000
Marvin Coward	Supervisor, District 3	Western Surety Company	\$ 100,000
Edward Dill Tucker	Supervisor, District 3	Western Surety Company	\$ 100,000
Claude Fluker	Supervisor, District 4	Western Surety Company	\$ 100,000
Rickie Corley	Supervisor, District 5	Western Surety Company	\$ 100,000
Stanley "Sugar" Mullins	Chancery Clerk	Western Surety Company	\$ 100,000
Durward Stanton	Circuit Clerk	Western Surety Company	\$ 100,000
Pam Mann	Tax Assessor / Collector	Western Surety Company	\$ 100,000
Wilton A. Neal	Tax Assessor / Collector	Western Surety Company	\$ 100,000
Jerry Carver	Sheriff	Western Surety Company	\$ 100,000
Clint H. Walker	Sheriff	Western Surety Company	\$ 100,000
Jimmy Avant	Justice Court Judge	Western Surety Company	\$ 50,000
Dorothy Branch	Justice Court Judge	Western Surety Company	\$ 50,000
Joe Hollman	Constable	Western Surety Company	\$ 50,000
Robert F. Banks	Constable	FCCI Insurance Group	\$ 50,000
Sherry Blaylock	Purchase Clerk	Western Surety Company	\$ 75,000
Marlee Golden	Assistant Purchase Clerk	Western Surety Company	\$ 75,000
Durward Stanton	Inventory Control Clerk	Western Surety Company	\$ 75,000
Stephanie Gillespie	Receiving Clerk	Western Surety Company	\$ 75,000
Durward Stanton	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Dorothy Prewitt	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Johnny Burrell	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Debra Sproles	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Louis Green	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Vickie Noah	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Michael Haddon	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Ricky Shirley	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Mary Jane King	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Teresa Ables	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Alan Jackson	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Martha Beard	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Donna Luke	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Stephen Everett	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Beth Magee	Deputy Tax Collector	Western Surety Company	\$ 50,000
Debra Sproles	Deputy Tax Collector	Western Surety Company	\$ 50,000
Monica Jones	Deputy Tax Collector	Western Surety Company	\$ 50,000
Tammy Inmon	Deputy Tax Collector	Western Surety Company	\$ 50,000
Mary Jane King	Justice Court Clerk	Western Surety Company	\$ 50,000
Miriam Dockery	Deputy Justice Court Clerk	Western Surety Company	\$ 50,000
Joy Parker	Deputy Justice Court Clerk	Western Surety Company	\$ 50,000
Stanley "Sugar" Mullins	Deputy Circuit Clerk	Western Surety Company	\$ 50,000
Brenda King	Deputy Chancery/Circuit Clerk	Western Surety Company	\$ 50,000
Marlee Golden	Deputy Chancery/Circuit Clerk	Western Surety Company	\$ 50,000
Tinesha Erve-Earnest	Deputy Chancery/Circuit Clerk	Western Surety Company	\$ 50,000
Frances Andrews	Deputy Chancery/Circuit Clerk	Western Surety Company	\$ 50,000
Rogan Jackson	Deputy Chancery/Circuit Clerk	Western Surety Company	\$ 50,000
Michelle Heath	Deputy Chancery/Circuit Clerk	Western Surety Company	\$ 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
Carroll County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll 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 7, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll 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 the County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency. [*Finding 2016-001*]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll 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*.

Carroll County's Response to Finding

The Carroll County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Carroll County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard PC
April 7, 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
Carroll County, Mississippi

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Carroll 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, Carroll 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 of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

This report is intended for use in evaluating Carroll 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 7, 2018

Certified Public Accountants

Carroll County, Mississippi**Schedule 1****Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2016**

Date	Item Purchased	Amount Paid	Vendor	Reason
6/28/16	12mc cat motor grader	\$ 220,875	Thomas Machinery	Operating weight shall not be less than 37,000 pounds without optional scarifier

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

Schedule 2

Our test results did not identify any emergency purchases.

Carroll County, 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	Reason
9/28/16	7 tasers, holsters, cartridges and batteries	\$ 8,084	Taser international	Only carriers of tasers.

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Carroll County, Mississippi

In planning and performing our audit of the financial statements of Carroll County, Mississippi for the year ended September 30, 2016, we considered Carroll 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 Carroll 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 7, 2018, on the financial statements of Carroll County, Mississippi.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 7, 2018

Certified Public Accountants

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SCHEDULE OF FINDINGS AND RESPONSES

Carroll County, Mississippi

Schedule of Findings and Responses 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 weaknesses identified? No
 - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? No

Section II: Financial Statements Findings

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

Chancery Clerk.

Finding 2016-001

Significant Deficiency

Criteria:

An effective system of internal control includes adequate separation of duties.

Condition:

As reported in the last twenty-two years' audit reports, observations revealed that there is not an adequate separation of duties in the accounting functions.

Cause:

The size of the County interferes with the cost-benefit relationship in implementing separation of duties.

Effect:

Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

Recommendation:

The County should separate duties for individuals involved in receipting and disbursing funds, recording transactions and reconciling accounts.

Response:

Carroll is a very small County, therefore, it is not economically feasible to hire additional personnel to adequately separate duties.