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Coahoma County
Financial Statements
September 30, 2016

Ellis & Hirsberg
Certified Public Accountants, PLLC
Clarksdale, MS 38614

COAHOMA COUNTY
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COAHOMA COUNTY

FINANCIAL SECTION

COAHOMA COUNTY

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Coahoma 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 Coahoma County, Mississippi, (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Economic Development Authority of Coahoma County, a blended component unit, which is presented as a major fund and represents 3 percent, 4 percent and 2 percent respectively of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us and our opinion insofar as it relates to the amounts included for the Economic Development Authority of Coahoma County is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Supplementary and Other Information

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

The accompanying Schedule of Expenditures of Federal Awards 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the accompanying Schedule of Expenditures of Federal Awards 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 June 8, 2018, on our consideration of Coahoma County, Mississippi's internal control over financial reporting and on our test 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 Coahoma County, Mississippi's internal control over financial reporting and compliance.

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
June 8, 2018

COAHOMA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COUNTY

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COAHOMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

INTRODUCTION

The discussion and analysis of Coahoma County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2016. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Coahoma County is located in northwestern Mississippi along the Mississippi River. The population is estimated at 23,154. The local economic base is driven mainly by agriculture.

FINANCIAL HIGHLIGHTS

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

Coahoma County continues to grow economically yet is decreasing in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate was 97.01 mills for the 2015-2016 tax year. The County wide levy was 47.26 mills, the school district levy was 40.75 mills and the levy district, waste disposal and fire protection levies totaled 9 mills.

Total net position increased \$302,734. The net position increase is comprised of a change in net position of (\$337,103) loss for the year and prior period adjustments of \$639,837. The September 30, 2015 fiscal year reflected a substantial decrease in net position due to the adoption of new pension standard rules. The ending net position at September 30, 2016 was \$100,495,670 as compared to \$100,192,936 in the prior year.

The County had \$18,439,947 in total revenues for 2016. Tax revenues account for \$7,573,012 or 41% of total revenues. State revenues in the form of reimbursements, shared revenue, or grants, account for \$3,076,006 or 17% of total revenues. Revenues for the previous year totaled \$20,159,725. Tax revenues account for \$7,288,953 or 36% of total revenues for 2015.

The County had \$18,777,050 in total expenses for 2016. Expenses in the amount of \$4,773,812 were offset by charges for services, grants, or outside contributions. General revenues of \$13,666,135 were not adequate to provide for the remainder of the expenses. Expenses for the previous year totaled \$20,470,254. Expenses in the amount of \$6,264,517 were offset by charges for services, grants, or outside contributions. General revenues of \$13,895,208 and special items of \$2,017,646 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$9,131,652 in revenues and \$9,169,776 in expenditures. Other financing sources provided \$194,722 enabling the fund balance to increase by \$156,598 over the prior year. In the previous year, the General Fund had \$8,750,447 in revenues and \$9,540,175 in expenditures.

The Road Fund had \$1,624,904 in revenues and had \$2,330,647 in total expenditures for 2016. The fund balance of the Road Fund decreased \$705,743 for 2016. In the previous year, the Road Fund had \$1,801,290 in revenues and \$2,828,821 in expenditures.

The Economic Development Authority Fund had \$900,540 in revenues and had \$1,181,998 in total expenditures. Other financing sources provided an additional \$17,289 from capital lease principal receipts. The decrease in the fund balance totaled \$264,169 during the year. In the previous year, the Economic Development Authority Fund had \$544,145 in revenues and \$411,595 in expenditures.

The Economic Development Authority (the Authority) is a blended component unit of the County. As such, the operations of the Authority are combined into the County's financial statements. The operating results of the Authority were \$293,673 in revenues and \$459,350 in expenses. Other financing sources provided an additional \$182,098 from capital lease principal payments. The overall increase in fund balance was \$16,421. In the previous year, the Authority reported \$2,373,666 in total revenues and \$2,415,881 in expenditures. Other financing sources provided an additional \$187,500 from the sale of capital assets.

The Hospital Reserve Fund had \$1,614,414 in revenues. Other financing uses consisted of operating transfers out of \$321,930. The Hospital Reserve Fund had a net increase in fund balance of \$1,292,484. In the previous year, the Hospital Reserve Fund had \$209,584 in total revenues. Other financing uses consisted of operating transfers out of \$284,316.

Capital assets, net of accumulated depreciation, decreased by \$541,639 in the governmental activities and increased by \$385,958 in the business-type activities. The decrease in the governmental activities results from depreciation in excess of capital acquisitions during the year. The increase in the business-type activities results from additions to construction in progress. Capital assets in the prior year decreased by \$719,385 in the governmental activities primarily due to prior period adjustments made and increased by \$86,591 in the business-type activities.

Long-term debt decreased by \$320,676 in the governmental activities. The decrease results from a reduction in compensated absences of \$18,778 and a prior period adjustment of \$301,898. In the business-type activities, long-term debt decreased by \$67,581. In the previous year, long-term debt decreased by \$2,185,129, including a property sale and extinguishment of related debt due to the sale of Peanut Company, in the governmental activities. In the prior year, the long-term debt for the business-type activities decreased by \$67,389.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

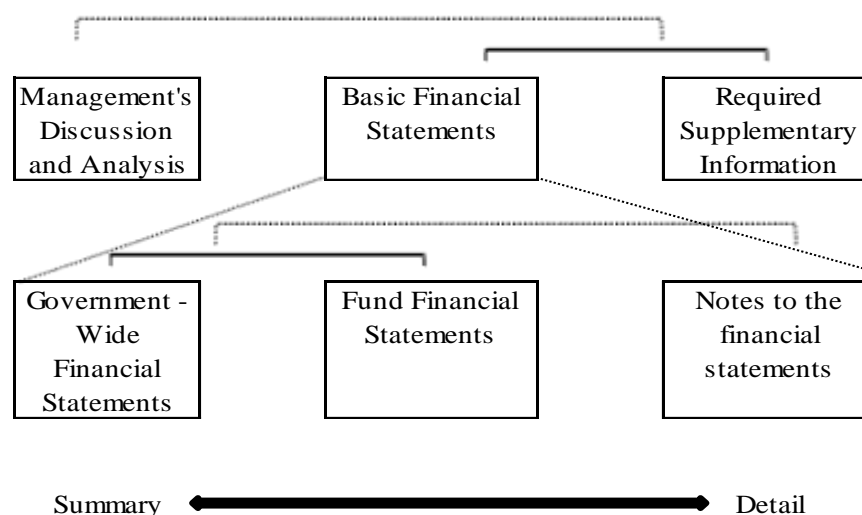


Figure 1 shows how required parts of this annual report are arranged and related to one another.

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

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

	Government-Wide Financial	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or Fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	a. Statement of net position b. Statement of activities	a. Balance sheet b. Statement of revenues, expenditures and changes in fund balances	a. Statement of net position b. Statement of revenues, expenses and changes in net position c. Statement of cash flows	a. Statement of fiduciary net position b. Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, deferred inflows both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short and long term	All assets, deferred outflows, liabilities and deferred inflows both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development and assistance; interest and other expenses on long-term debt; and pension expense. The business-type activities of the County include rental of office space at the Federal Building and rents received from railroad operations.

The Government-wide Financial Statements can be found on pages 18, 19, 20 and 21 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 24 and 28, respectively.

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

The basic governmental funds financial statements can be found on pages 22 through 29 of this report.

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Federal Building and a Railroad operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance and central maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Federal Building Fund and Railroad Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements can be found on pages 30 through 33 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 34 of this report.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Bonds and note proceeds result in liabilities on government-wide financial statements but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements but are reported as expenditures on the governmental funds financial statements.

Notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 35 through 60 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 63 through 67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net position may serve over time as a useful indicator of government's financial position. In the case of Coahoma County, assets exceeded liabilities by \$100,495,670 as of September 30, 2016.

By far, the largest portion of the County's net position (70%) reflects its net investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net position for the fiscal years ended September 30, 2016 and 2015.

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Current assets	18,358,835	18,631,429	583,386	227,201
Restricted assets	32,433,023	30,107,363		
Capital assets, net	64,206,623	64,748,262	6,684,312	6,298,354
Total assets	114,998,481	113,487,054	7,267,698	6,525,555
Deferred outflows of resources	3,023,763	2,377,145	17,065	13,847
Current liabilities	1,448,087	1,075,695	520,092	54,778
Long-term debt outstanding	271,595	592,271	112,898	180,479
Net pension liability	14,186,130	12,512,116	81,898	72,883
Total liabilities	15,905,812	14,180,082	714,888	308,140
Deferred inflows of resources	8,189,327	7,722,443	1,310	
Net position:				
Net investment in capital assets	64,206,623	64,446,364	6,571,414	6,117,875
Restricted	50,498,968	45,705,375	190,148	270,108
Unrestricted	(20,778,486)	(16,190,065)	(192,997)	(156,721)
Total net position	93,927,105	93,961,674	6,568,565	6,231,262

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Net pension liability increased \$1,674,014 in the governmental activities and \$9,015 in the business-type activities.
- No new debt was issued during the year.

Changes in Net Position - Coahoma County's total revenues for the fiscal year ended September 30, 2016 were \$18,439,947. The total cost for all services provided were \$18,777,050. The change in net position was a decrease of \$337,103 excluding the prior period adjustment. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2016 and 2015.

	2016 Amount	2015 Amount
Revenues:		
Program revenues		
Charges for services	1,928,370	2,498,352
Operating grants and contributions	1,518,626	1,472,379
Capital grants and contributions	1,326,816	2,293,786
General revenues		
Property taxes	7,573,012	7,288,953
Grants and contributions not restricted to specific programs	3,076,006	2,325,397
Unrestricted investment income	329,182	366,101
Other	2,687,935	5,932,403
Total Revenues	18,439,947	22,177,371
Expenses:		
General government	3,899,808	5,067,890
Public safety	4,344,582	5,247,514
Public works	4,297,790	4,985,732
Health and welfare	1,048,059	1,036,339
Economic development	1,868,763	1,111,486
Pension expense	2,041,588	1,557,444
Other expenses	1,276,460	1,463,849
Total Expenses	18,777,050	20,470,254
Increase (Decrease) in Net Position	(337,103)	1,707,117

Governmental Activities - The following table presents the cost of nine major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, interest and other expenses on long-term liabilities, and pension expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Coahoma County's taxpayers by each of these functions.

	2016 Total Costs	2015 Total Costs	2016 Net Costs	2015 Net Costs
General government	3,899,808	5,067,890	3,006,367	3,305,434
Public safety	4,344,582	5,247,514	3,448,036	4,086,850
Public works	4,297,790	4,985,732	3,388,731	2,983,481
Health and welfare	1,048,059	1,036,339	905,454	1,036,339
Economic development and assistance	1,868,763	1,111,486	1,184,831	689,194
Culture and recreation	358,980	238,583	220,972	179,090
Pension expense	2,041,588	1,557,444	2,041,588	1,557,444
Conservation of natural resources	78,706	85,903	78,706	85,903
Interest and other expenses on long-term liabilities	261,356	328,552	261,356	328,552

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Coahoma County's governmental funds reported a combined fund balance of \$38,563,138, a 4.29% increase of \$1,587,337.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$156,598. Total revenues increased \$381,205. Total expenditures decreased \$370,399. Other financing sources and uses decreased \$151,171.

The Road Fund reported a decrease in net fund balance for the year of \$705,743. The fund accounts for activities associated with road maintenance financed in part by tax assessments and state source revenue.

The Economic Development Authority Fund reported a decrease in fund balance of \$264,169 for the year. The fund accumulates activities associated with industrial development within the County.

The Economic Development Authority Blended Component Unit (CU) reported an increase in its fund balance of \$16,421.

The Hospital Reserve Fund reported a net increase in fund balance of \$1,248,247 for the year. The net increase is comprised of a net change in fund balance of \$1,292,484 and a prior period adjustment of (\$44,237).

Business-type funds - Both enterprise funds are supported by rent. The Federal Building rents office space to various outside agencies. The Railroad Fund receives a base rent of \$9,000 per month. Additional rent of 60% of gross annual revenue above \$405,000 is also collectible. Rent of \$10 per railcar, empty or loaded, is collected on railcars which exit property at Swan Lake.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year Coahoma County revised its annual operating budget. Significant amendments are explained as follows:

The General fund was decreased \$1,840,482 primarily because the expenditures in the road and bridge capital projects fund were less than expected.

The Road fund budget was increased \$637,717 to cover additional road maintenance during the year.

The Economic Development Authority fund budget decreased \$936,461 as expenditures on the Standard Industrial project were not as much as anticipated.

The Hospital Reserve fund budget did not experience any significant budget revisions.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2016, Coahoma County's total capital assets was \$161,789,419. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$1,943,045. Of the increase, \$1,390,269 is related to construction in progress. Construction in progress in the governmental activities increased \$694,472. Construction in progress in the business type activities increased by \$695,797.

Total accumulated depreciation as of September 30, 2016 was \$90,898,484, including \$2,098,726 of depreciation expense for the year. The balance in total net capital assets was \$70,890,935 at year-end.

Additional information on Coahoma County's capital assets can be found in Note 7 on page 47 of this report.

Debt Administration - At September 30, 2016, Coahoma County had \$384,493 in long-term debt outstanding. The governmental activities debt consists solely of compensated absences in the amount of \$271,595. This amount decreased \$18,778 from the previous year. Principal payments of \$67,581 were made during the year on the outstanding debt of the business-type activities. The principal balance remaining for the business-type activities debt at September 30, 2016 was \$112,898. No new outside debt was issued during the year.

The State of Mississippi limits the amount of debt a County can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$31.7 million dollars.

Additional information on Coahoma County's long-term debt can be found in Note 13 on page 55 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P. O. Box 579, Clarksdale, MS 38614.

COAHOMA COUNTY

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COAHOMA COUNTY

BASIC FINANCIAL STATEMENTS

COAHOMA COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,507,758	510,356	5,018,114
Investments	101,014		101,014
Property tax receivable	7,863,492		7,863,492
Accounts receivable (net of allowance for uncollectibles of \$104,411 and \$0 respectively)	29,494	172,531	202,025
Fines receivable (net of allowance for uncollectibles of \$10,734,580)	243,263		243,263
Loans receivable	1,604,976		1,604,976
Capital leases receivable	2,600,850		2,600,850
Intergovernmental receivables	1,182,456	103,977	1,286,433
Other receivables	22,054		22,054
Internal balances	203,478	(203,478)	-
Restricted assets	32,433,023		32,433,023
Capital assets:			
Land and construction in progress	6,074,691	1,486,323	7,561,014
Other capital assets, net	58,131,932	5,197,989	63,329,921
Total Assets	114,998,481	7,267,698	122,266,179
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,023,763	17,065	3,040,828
Total Deferred Outflows of Resources	3,023,763	17,065	3,040,828
LIABILITIES			
Claims payable	908,900	520,092	1,428,992
Claims and judgments payable	72,313		72,313
Intergovernmental payables	344,580		344,580
Amounts held in custody for others	120,294		120,294
Other payables	2,000		2,000
Long term liabilities			

Net pension liability	14,186,130	81,898	14,268,028
Due within one year			
Capital related debt		67,727	67,727
Due in more than one year:			
Capital related debt		45,171	45,171
Non-capital related debt	271,595		271,595
Total Liabilities	<u>15,905,812</u>	<u>714,888</u>	<u>16,620,700</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	232,045	1,310	233,355
Deferred revenues - property taxes	7,863,492		7,863,492
Deferred revenues - capital leases	93,790		93,790
Total deferred inflows of resources	<u>8,189,327</u>	<u>1,310</u>	<u>8,190,637</u>
NET POSITION			
Net investment in capital assets	64,206,623	6,571,414	70,778,037
Restricted net assets:			
Expendable:			
General government	246,302		246,302
Debt service	37,445		37,445
Public safety	157,647		157,647
Public works	820,752		820,752
Culture and recreation	379,001		379,001
Economic development	3,298,296	190,148	3,488,444
Unemployment compensation	21,461		21,461
Non-expendable:			
Hospital reserve	45,538,064		45,538,064
Unrestricted	(20,778,486)	(192,997)	(20,971,483)
Total Net Position	<u>\$ 93,927,105</u>	<u>6,568,565</u>	<u>100,495,670</u>

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

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

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,899,808	774,385	119,056		(3,006,367)		(3,006,367)
Public safety	4,344,582	433,980	345,478	117,088	(3,448,036)		(3,448,036)
Public works	4,297,790	2,769	89,547	816,743	(3,388,731)		(3,388,731)
Health and welfare	1,048,059		142,605		(905,454)		(905,454)
Culture and recreation	358,980		138,008		(220,972)		(220,972)
Conservation of natural resources	78,706				(78,706)		(78,706)
Economic development and assistance	1,868,763		683,932		(1,184,831)		(1,184,831)
Interest and other expenses on long-term liabilities	261,356				(261,356)		(261,356)
Pension expense	2,041,588				(2,041,588)		(2,041,588)
Total Governmental Activities	18,199,632	1,211,134	1,518,626	933,831	(14,536,041)	-	(14,536,041)
Business-type activities:							
Federal building	315,360	418,545				103,185	103,185
Railroad	262,058	298,691		392,985		429,618	429,618
Total Business-type Activities	577,418	717,236	-	392,985	-	532,803	532,803
Total Primary Government	\$ 18,777,050	1,928,370	1,518,626	1,326,816	(14,536,041)	532,803	(14,003,238)

General revenues:			
Property taxes	\$ 7,334,378		7,334,378
Road & Bridge privilege taxes	238,634		238,634
Grants and contributions not restricted to specific programs	3,076,006		3,076,006
Unrestricted investment income	329,182		329,182
Miscellaneous	2,683,435	4,500	2,687,935
Transfers	200,000	(200,000)	-
Total General Revenues	<u>13,861,635</u>	<u>(195,500)</u>	<u>13,666,135</u>
Changes in Net Position	<u>(674,406)</u>	<u>337,303</u>	<u>(337,103)</u>
Net Position - Beginning	93,961,674	6,231,262	100,192,936
Prior period adjustment	639,837		639,837
Net Position - Beginning, as restated	<u>94,601,511</u>	<u>6,231,262</u>	<u>100,832,773</u>
Net Position - Ending	<u>\$ 93,927,105</u>	<u>\$ 6,568,565</u>	<u>\$ 100,495,670</u>

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

COAHOMA COUNTY
Balance Sheet - Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds						
	General Fund	Road Fund	Economic Development Authority Fund	Economic Development Authority Blended CU	Hospital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,628,122	191	20,459	434,153		1,890,511	3,973,436
Investments				101,015			101,015
Property tax receivable	5,538,060	707,368	114,025			1,504,039	7,863,492
Accounts receivable (net of allowance for uncollectibles \$104,411)						29,494	29,494
Fines receivable (net of allowance for uncollectibles \$10,734,580)	243,263						243,263
Loans receivable			627,764			977,212	1,604,976
Capital lease receivable	83,042		392,408	2,125,400			2,600,850
Intergovernmental receivables	301,065	10,229	146,956	287,535		426,671	1,172,456
Other receivables	22,054						22,054
Due from other funds		24,843	1,091		4,485,139	16,490	4,527,563
Advances to other funds					8,619,902		8,619,902
Restricted assets					32,433,023		32,433,023
Total Assets	\$ 7,815,606	742,631	1,302,703	2,948,103	45,538,064	4,844,417	63,191,524
LIABILITIES AND FUND BALANCES							
Liabilities:							
Claims payable	\$ 249,939	66,113	300,426	2,258		290,164	908,900
Intergovernmental payables	344,580						344,580
Due to other funds	1,862,382	455,091	477,060			1,203,303	3,997,836
Advances from other funds	3,439,505	739,518	2,759,244			1,607,884	8,546,151
Amounts held in custody for others	120,294						120,294
Other payables						2,000	2,000
Total Liabilities	6,016,700	1,260,722	3,536,730	2,258	-	3,103,351	13,919,761

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	5,538,060	707,368	114,025		1,504,039	7,863,492
Unavailable revenue - user fees					1,020	1,020
Unavailable revenue - fines	243,263					243,263
Unavailable revenue - capital leases	83,042		392,408	2,125,400		2,600,850
Total deferred inflows of resources	<u>5,864,365</u>	<u>707,368</u>	<u>506,433</u>	<u>2,125,400</u>	<u>-</u>	<u>10,708,625</u>
Fund balances:						
Nonspendable:						
Advances					8,619,902	8,619,902
Loans receivable			627,764		977,212	1,604,976
Permanent fund principal					36,918,162	36,918,162
Restricted for:						
General government					246,303	246,303
Public safety					157,647	157,647
Public works					819,732	819,732
Culture and recreation					379,001	379,001
Economic development and assistance					49,434	49,434
Debt service					37,445	37,445
Unemployment compensation					21,460	21,460
Committed to:						
General government	1,094,978					1,094,978
Assigned						
Economic development and assistance				820,445		820,445
Unassigned	(5,160,437)	(1,225,459)	(3,368,224)		(2,452,227)	(12,206,347)
Total Fund Balances	<u>(4,065,459)</u>	<u>(1,225,459)</u>	<u>(2,740,460)</u>	<u>820,445</u>	<u>45,538,064</u>	<u>38,563,138</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 7,815,606</u>	<u>\$ 742,631</u>	<u>\$ 1,302,703</u>	<u>\$ 2,948,103</u>	<u>\$ 45,538,064</u>	<u>\$ 63,191,524</u>

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

COAHOMA COUNTY

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 38,563,138
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$86,959,051	64,206,623
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivable	243,263
Waste disposal	1,020
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(271,595)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,507,059
Deferred outflows and inflows of resources related to pensions are applicable to future periods and , therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,023,763
Deferred inflows of resources related to pensions	(232,045)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	(14,186,130)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position	<u>72,009</u>
Total net position - Governmental Activities	<u><u>\$ 93,927,105</u></u>

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

COAHOMA COUNTY

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COAHOMA COUNTY

Exhibit 4

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

For the year ended September 30, 2016

	Major Funds						
	General Fund	Road Fund	Economic Development Authority Fund	Economic Development Authority Blended CU	Hospital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 5,055,147	542,906	107,896			1,628,429	7,334,378
Road and bridge privilege taxes		238,634					238,634
Licenses, commissions and other revenue	528,793	4,823				18,757	552,373
Fines and forfeitures	161,049						161,049
Intergovernmental revenues	2,517,808	675,163	546,956	136,976		1,514,584	5,391,487
Charges for services	131,784					255,511	387,295
Interest income	7,997		37,133	12,609	302,473	31,970	392,182
Increase in market value of securities					1,131,221		1,131,221
Miscellaneous revenues	729,074	163,378	208,555	144,088	180,720	200,375	1,626,190
Total Revenues	9,131,652	1,624,904	900,540	293,673	1,614,414	3,649,626	17,214,809
EXPENDITURES							
General government	3,821,588					143,393	3,964,981
Public safety	4,014,006					852,401	4,866,407
Public works	255,687	2,312,386				1,747,875	4,315,948
Health and welfare	477,534						477,534
Culture and recreation	239,267					148,875	388,142
Conservation of natural resources	102,027						102,027
Economic development and assistance	117,170		1,142,237	447,060		304,096	2,010,563
Debt service:							
Interest	142,497	18,261	39,761	12,290		48,547	261,356
Total Expenditures	9,169,776	2,330,647	1,181,998	459,350	-	3,245,187	16,386,958

Excess of Revenues over (under) Expenditures	<u>(38,124)</u>	<u>(705,743)</u>	<u>(281,458)</u>	<u>(165,677)</u>	<u>1,614,414</u>	<u>404,439</u>	<u>827,851</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	621,932					449,368	1,071,300
Transfers out	(449,370)				(321,930)	(100,000)	(871,300)
Lease principal payments	<u>22,160</u>		<u>17,289</u>	<u>182,098</u>			<u>221,547</u>
Total Other Financing Sources (Uses)	<u>194,722</u>	<u>-</u>	<u>17,289</u>	<u>182,098</u>	<u>(321,930)</u>	<u>349,368</u>	<u>421,547</u>
Net Changes in Fund Balances	<u>156,598</u>	<u>(705,743)</u>	<u>(264,169)</u>	<u>16,421</u>	<u>1,292,484</u>	<u>753,807</u>	<u>1,249,398</u>
Fund Balances - Beginning, as previously reported	(4,222,056)	(519,716)	(2,476,291)	804,024	44,289,817	(899,977)	36,975,801
Prior Period Adjustment					(44,237)	382,176	337,939
Fund Balances - Beginning, as restated	<u>(4,222,056)</u>	<u>(519,716)</u>	<u>(2,476,291)</u>	<u>804,024</u>	<u>44,245,580</u>	<u>(517,801)</u>	<u>37,313,740</u>
Fund Balances - Ending	<u>\$ (4,065,458)</u>	<u>\$ (1,225,459)</u>	<u>\$ (2,740,460)</u>	<u>\$ 820,445</u>	<u>\$ 45,538,064</u>	<u>\$ 236,006</u>	<u>\$ 38,563,138</u>

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

COAHOMA COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,249,398
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation \$1,788,887 exceeded capital outlays of \$1,247,248	(541,639)
Fine revenue is earned when a legally enforceable claim to the fine exists, regardless of when the fine is collected. Under the modified accrual basis fine revenue is deferred when it is not currently collectible	110,417
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting	(25,891)
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 balance by a combination of the following items:	
Compensated absences	18,778

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities

(4,480)

Lease principal payments on capital leases recognized on the modified accrual basis in the funds is reduced because prior year recognition of gain would have been required on the Statement of Activities using the full-accrual basis of accounting.

(221,547)

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

Recording of pension expense for the current period

(1,461,419)

Recording of contributions made subsequent to the measurement date

201,977

Change in Net Position of Governmental Activities

\$ (674,406)

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

COAHOMA COUNTY
Statement of Net Position - Proprietary Funds
September 30, 2016

Exhibit 5

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash	\$ 646	509,710	510,356	534,322
Accounts receivable		172,531	172,531	
Intergovernmental receivables		103,977	103,977	
Total Current Assets	646	786,218	786,864	534,322
Noncurrent assets:				
Land and construction in progress	40,000	1,446,323	1,486,323	
Capital assets, net	1,005,205	4,192,784	5,197,989	
Total Noncurrent Assets	1,045,205	5,639,107	6,684,312	-
Total Assets	1,045,851	6,425,325	7,471,176	534,322
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	17,065		17,065	
LIABILITIES				
Current liabilities:				
Claims payable	14,500	505,592	520,092	
Claims and judgements payable			-	72,313
Due to other funds	113,000	16,727	129,727	390,000
Advances from other funds		73,751	73,751	
Current portions of long-term capital-related debt:				
Current portions of other long-term liabilities		67,727	67,727	
Total Current Liabilities	127,500	663,797	791,297	462,313
Noncurrent liabilities:				
Capital-related debt:				
Other long-term liabilities		45,171	45,171	
Net pension liability	81,898		81,898	
Total Noncurrent Liabilities	81,898	45,171	127,069	-
Total Liabilities	209,398	708,968	918,366	462,313
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,310		1,310	
NET POSITION				
Net investment in capital assets	1,045,205	5,526,209	6,571,414	
Restricted for economic development		190,148	190,148	
Unrestricted	(192,997)		(192,997)	72,009
Total Net Position	\$ 852,208	5,716,357	6,568,565	72,009

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

COAHOMA COUNTY

Exhibit 6

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

For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Operating Revenues				
Refunds			-	
Premiums			-	967,149
Rent	418,545	298,691	717,236	
Miscellaneous		4,500	4,500	217,196
Total Operating Revenues	<u>418,545</u>	<u>303,191</u>	<u>721,736</u>	<u>1,184,345</u>
Operating Expenses				
Personal services	40,658		40,658	
Contractual services	198,669	3,100	201,769	
Materials and supplies	3,972	6,332	10,304	
Depreciation expense	60,539	249,300	309,839	
Pension expense	11,522		11,522	
Claims payment			-	1,055,626
Administrative			-	114,371
Insurance premiums			-	18,828
Total Operating Expenses	<u>315,360</u>	<u>258,732</u>	<u>574,092</u>	<u>1,188,825</u>
Operating Income (Loss)	<u>103,185</u>	<u>44,459</u>	<u>147,644</u>	<u>(4,480)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental grants		392,985	392,985	
Interest expense		(3,326)	(3,326)	
Net Nonoperating Revenue (Expenses)	<u>-</u>	<u>389,659</u>	<u>389,659</u>	<u>-</u>
Net Income (Loss) Before Transfers	<u>103,185</u>	<u>434,118</u>	<u>537,303</u>	<u>(4,480)</u>
Transfers Out	<u>(200,000)</u>		<u>(200,000)</u>	
Changes in Net Position	<u>(96,815)</u>	<u>434,118</u>	<u>337,303</u>	<u>(4,480)</u>
Net Position - Beginning	<u>949,023</u>	<u>5,282,239</u>	<u>6,231,262</u>	<u>76,489</u>
Net Position - Ending	<u>\$ 852,208</u>	<u>5,716,357</u>	<u>6,568,565</u>	<u>72,009</u>

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

COAHOMA COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2016

Exhibit 7

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Cash Flows From Operating Activities				
Receipts from rent	\$ 418,545	179,427	597,972	
Receipts for premiums			-	967,149
Payments to suppliers	(229,171)		(229,171)	
Payments to employees	(45,073)		(45,073)	
Payments for claims			-	(983,313)
Payments to administrator for services			-	(114,371)
Payments for insurance premiums			-	(18,828)
Other operating cash receipts			-	217,196
Net Cash Provided (Used) by Operating Activities	144,301	179,427	323,728	67,833
Cash Flows From Noncapital Financing Activities				
Cash received from other funds:				
Loans from other funds	113,000		113,000	390,000
Cash paid to other funds:				
Operating transfers out	(200,000)		(200,000)	
Interfund loan repayments	(70,000)	(16,233)	(86,233)	(501,400)
Net Cash Provided (Used) by Noncapital Financing Activities	(157,000)	(16,233)	(173,233)	(111,400)
Cash Flows From Capital and Related Financing Activities				
Capital grants received		289,009	289,009	
Acquisition and construction of capital assets		(203,953)	(203,953)	
Principal paid on long-term debt		(67,581)	(67,581)	
Interest paid on debt		(3,326)	(3,326)	
Net Cash Provided (Used) by Capital and Related Financing Activities	-	14,149	14,149	-
Net Increase (Decrease) in Cash and Cash Equivalents	(12,699)	177,343	164,644	(43,567)
Cash and Cash Equivalents at Beginning of Year	13,345	332,367	345,712	577,889
Cash and Cash Equivalents at End of Year	\$ 646	509,710	510,356	534,322

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

Operating income (loss)	\$ 103,185	44,459	147,644	(4,480)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	60,539	249,300	309,839	
Increase in deferred outflows related to pensions	(3,218)		(3,218)	
Increase in deferred inflows related to pensions	1,310		1,310	
Increase in net pension liability	9,015		9,015	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable		(114,332)	(114,332)	
(Increase) decrease in other receivable			-	
Increase (decrease) in claims payable	(26,530)		(26,530)	
Increase (decrease) in claims and judgments liability			-	72,313
Total Adjustments	41,116	134,968	176,084	72,313
Net Cash Provided (Used) by Operating Activities	\$ 144,301	179,427	323,728	67,833

Noncash Capital Financing Activity:

The Railroad fund had \$695,797 addition to construction in progress. Of this amount, only \$203,953 was paid in cash during the year. The balance of \$491,844 is represented by a change in claims payable.

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

COAHOMA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 8

	<u>Agency</u>
ASSETS	
Cash	<u>189,637</u>
Total Assets	<u><u>189,637</u></u>
LIABILITIES	
Intergovernmental payables	179,637
Due to other funds	<u>10,000</u>
Total Liabilities	<u><u>189,637</u></u>

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

COAHOMA COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Coahoma 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 Coahoma County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations which should be discretely presented as component units of the County's reporting entity.

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

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

The Economic Development Authority of Coahoma County is comprised of seven residents of Coahoma County. The members are appointed by the Board of Supervisors of Coahoma County and serve five year terms. The Board of Supervisors must approve the overall budget for the Authority. The Authority is reported as if it were part of the primary government because its activities are closely intertwined with County activities.

C. Basis of Presentation.

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

COAHOMA COUNTY

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues 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 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

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

COAHOMA COUNTY

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

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.

Road Fund - This fund is used to account for and report activities relating to maintaining roads within the County.

Economic Development Authority Fund - This fund is used to account for and report activities relating to industrial development with the County.

Hospital Reserve Fund - This fund is used to account for and report resources that are legally restricted to the extent that only a portion of the earnings and none of the principal can be used to support County programs.

The County reports the following major proprietary funds:

Federal Building Fund - This fund is used to account for and report monies received from rentals of office space in the building.

Railroad Fund - This fund is used to account for and report monies received from rentals of the railroad and fees charged based upon number of railcars passing along the County owned tracks.

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 expenditures for specified purposes other than debt service or capital projects.

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

Permanent Funds - These funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not the principal, may be used for the support of County programs.

PROPRIETARY FUND TYPES

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

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits.

COAHOMA COUNTY

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

FIDUCIARY FUND TYPE

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

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. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs-other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

H. Receivables.

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

I. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are

COAHOMA COUNTY

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

offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

J. Restricted Assets.

The assets of the hospital reserve fund are shown as restricted assets. These funds have been set aside for the fiscal security and as a sustained revenue source for the County and its citizens. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

K. 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 statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs has been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. 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
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

COAHOMA COUNTY

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

L. 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 element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred 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 12 for additional details.

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

M. Pensions

For the 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.

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

COAHOMA COUNTY

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

O. Equity Classifications.

Government-wide Financial Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements 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 regulation of other governments; or law through constitutional provisions or enabling legislation.

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (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 nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

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

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

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.

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

COAHOMA COUNTY

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

authorization established by the policy adopted by the county.

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

Fund Balance Flow Assumption:

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

P. Property Tax Revenues.

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

R. Compensated Absences.

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

COAHOMA COUNTY

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

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.

Exhibit 2 – Statement of Activities – Governmental Activities

Explanation

Remove note payable	\$ 301,898
Set-up notes receivable from Airport	382,176
Correct cash balance	<u>(44,237)</u>
Total	<u>\$ 639,837</u>

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

Explanation

Set-up notes receivable from Airport	\$ 382,176
Correct cash balance	<u>(44,237)</u>
Total	<u>\$ 337,939</u>

(3) Deposits and Investments.

Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$5,207,751, and the bank balance was \$16,598,059. The collateral for public entities' deposits in financial institutions, is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Restricted Assets:

The cash balance of the Hospital Reserve Fund in the amount of \$11,617,482 is presented as restricted assets in Exhibit 1 and Exhibit 3.

Cash with fiscal agents in the amount of \$1,477,425 is presented as restricted assets in Exhibit 1 and Exhibit 3.

Investments as shown below with a value of \$19,338,116 are presented as restricted assets in Exhibit 1 and Exhibit 3.

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2016

Investment:

Senate Bill 2930 of the Mississippi Legislature authorized the Board of Supervisors of Coahoma County to establish the Coahoma County Reserve and Trust Fund (the Fund). A significant portion of the cash and investments of the Hospital Reserve Fund were used to fund the Coahoma County Reserve and Trust Fund. The Fund is to provide for the continued improvement and maintenance of Coahoma County by providing financial security and providing a sustained source of revenue.

The Fund is administered by a Board of Trustees which will consist of the Board of Supervisors of Coahoma County. Investments allowed will be the same type of investments which are permitted for the Mississippi Prepaid Affordable College Tuition Program under Section 37-155-9, Mississippi Code of 1972 except the fund shall be restricted from investments in the covered call and put options allowed in Section 37-155-9(v)(xi) or in the pooled or commingled real estate securities outlined in Section 37-155-9(v)(xiii).

The Fund is to be divided into two components consisting of the corpus component and the earnings component. On or before July 1 of each year the trustees shall determine the portion of the earnings component and report that amount to the governing authorities. A decision will be made to either transfer all or a portion of the earnings to the General Fund of the County for spending or if no amounts are transferred the earnings will become a part of corpus. The corpus is restricted with limited abilities to withdraw. A provision does exist to withdraw the Funds in a state of emergency declared under federal, state or local law.

Investments are presented at fair value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of the investments of the County as of September 30, 2016.

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	8,023,093		8,023,093
Municipal Bonds		1,023,204	1,023,204
U.S. Treasury Bond/Notes		738,809	738,809
Federal Agency Obligations		2,324,729	2,324,729
Corporate/Other		7,228,281	7,228,281
Total	<u>8,023,093</u>	<u>11,315,023</u>	<u>19,338,116</u>

Interest Rate Risk - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity of any investment to no more than one year. Investments of the Coahoma County Reserve and Trust Fund follows the guidelines of the Mississippi Prepaid Affordable College Tuition Program – Code Section 37-155-9, Mississippi Code of 1972 Annotated.

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 investment choices or one that addresses credit risk.

Investments of the Coahoma County Reserve and Trust Fund follows the guidelines of the Mississippi Prepaid Affordable College Tuition Program under code section 37-155-9, Mississippi Code of 1972 Annotated.

COAHOMA COUNTY

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

The following ratings are provided for the credit securities of the Reserve and Trust Fund:

Investment Classification	S & P Quality Rating				Total
	AAA	AA	A	All Others	
Level 2	693,230	1,285,381	3,426,873	5,909,540	11,315,024

Custodial Credit Risk – Investments - Custodial credit risk is the risk that in the event of 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 investment policy that addresses custodial credit risk.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Road Fund	General Fund	\$ 24,843
Economic Development Authority Fund	General Fund	1,091
Hospital Reserve Fund	General Fund	1,824,958
Hospital Reserve Fund	Economic Development Authority Fund	477,060
Hospital Reserve Fund	Federal Building	* 113,000
Hospital Reserve Fund	Railroad Fund	* 16,727
Hospital Reserve Fund	Internal Service Funds	390,000
Hospital Reserve Fund	Road Fund	450,091
Hospital Reserve Fund	Other Governmental Funds	1,203,303
Hospital Reserve Fund	Agency Funds	10,000
Other Governmental Funds	General Fund	16,490
Total		<u>\$ 4,527,563</u>

The interfund loans were made to provide operating capital, finance construction projects and prevent borrowing from outside sources. A portion of the above amounts reflect amounts collected by the tax collector and are expected to be remitted in October 2016.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
Hospital Reserve Fund	General Fund	3,439,505
Hospital Reserve Fund	Road Fund	739,518
Hospital Reserve Fund	Economic Development Authority Fund	2,759,244
Hospital Reserve Fund	Railroad Fund	* 73,751
Hospital Reserve Fund	Other Governmental Funds	1,607,884
Total		<u>\$ 8,619,902</u>

* These funds make up the internal balances on Exhibit 1.

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2016

Monthly payments are being made on a number of above advances. The portion expected to be repaid within one year has been classified as due to/due from. The remaining amounts due are not expected to be repaid within one year. The interfund advances were made to finance construction projects and prevent borrowing from outside sources.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Hospital Reserve Fund	\$ 321,930
General Fund	Other Governmental Funds	100,000
General Fund	Federal Building Fund	200,000
Other Governmental Funds	General Fund	<u>449,370</u>
Total		<u><u>\$ 1,071,300</u></u>

The principal purpose of the transfers was to provide funds for operations and to eliminate deficit cash balances for the fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Gaming	121,790
Grant receivable	471,555
Legislative tax credit	111,051
State and local agencies	180,525
Agency fund	10,000
Blended CU receivable	<u>287,535</u>
Total Governmental Activities	<u><u>\$ 1,182,456</u></u>

Business-type Activities:

Grant receivable	<u>\$ 103,977</u>
Total Business-type Activities	<u><u>\$ 103,977</u></u>

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2016

(6) Loans Receivable.

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

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Standard Industrial	4/1/09	3.00%	4/1/29	627,764
Utility District #2 Loan	5/1/14	3.00%	5/1/54	633,255
Airport	6/1/14	3.00%	6/1/24	302,417
Airport	8/1/14	3.00%	8/1/24	41,540
Total				<u>\$ 1,604,976</u>

(7) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,091,713				3,091,713
Construction in progress	1,606,215	694,472			2,300,687
Total non-depreciable capital assets	<u>4,697,928</u>	<u>694,472</u>	<u>-</u>	<u>-</u>	<u>5,392,400</u>
<u>Depreciable capital assets:</u>					
Infrastructure	82,006,816				82,006,816
Buildings	49,107,804				49,107,804
Improvements other than buildings	2,962,504				2,962,504
Mobile equipment	8,695,874	218,888			8,914,762
Furniture and equipment	1,183,623	333,888			1,517,511
Total depreciable capital assets	<u>143,956,621</u>	<u>552,776</u>	<u>-</u>	<u>-</u>	<u>144,509,397</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	53,335,827	390,386			53,726,213
Buildings	22,614,041	953,100			23,567,141
Improvements other than buildings	882,354	118,500			1,000,854
Mobile equipment	7,184,138	203,593			7,387,731
Furniture and equipment	773,149	94,151			867,300
Total accumulated depreciation	<u>84,789,509</u>	<u>1,759,730</u>	<u>-</u>	<u>-</u>	<u>86,549,239</u>
Total depreciable capital assets, net	<u>59,167,112</u>	<u>(1,206,954)</u>	<u>-</u>	<u>-</u>	<u>57,960,158</u>
Governmental activities capital assets, net	<u>\$ 63,865,040</u>	<u>(512,482)</u>	<u>-</u>	<u>-</u>	<u>63,352,558</u>

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2016

Blended Component Unit:

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

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	682,291				682,291
Depreciable capital assets:					
Buildings	135,001				135,001
Improvements other than buildings	179,916				179,916
Other equipment	266,669				266,669
Total depreciable capital assets	581,586				581,586
Less accumulated depreciation	380,655	29,157			409,812
Total depreciable capital assets, net	200,931	(29,157)	-	-	171,774
Total capital assets, net	883,222	(29,157)	-	-	854,065

Business-type activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 40,000				40,000
Construction in progress	750,526	695,797			1,446,323
Total non-depreciable capital assets	790,526	695,797	-	-	1,486,323
Depreciable capital assets:					
Infrastructure	7,394,005				7,394,005
Buildings	1,743,417				1,743,417
Total depreciable capital assets	9,137,422	-	-	-	9,137,422
Less accumulated depreciation for:					
Infrastructure	2,951,921	249,300			3,201,221
Buildings	677,673	60,539			738,212
Total accumulated depreciation	3,629,594	309,839	-	-	3,939,433
Total depreciable capital assets, net	5,507,828	(309,839)	-	-	5,197,989
Business-type activities capital assets, net	\$ 6,298,354	385,958	-	-	6,684,312

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2016

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 227,391
Public safety	293,353
Public works	612,965
Culture and recreation	45,053
Economic development	39,600
Health and welfare	<u>570,525</u>
Total governmental activities depreciation expense	<u>\$ 1,788,887</u>
Business-type Activities:	
Federal Building	\$ 60,539
Railroad	<u>249,300</u>
Total business-type activities depreciation expense	<u>\$ 309,839</u>

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Airport	2,875,437	September 2017
Standard Industrial	<u>1,269,763</u>	September 2017
Total	<u><u>4,145,200</u></u>	

(8) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 1998 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk

COAHOMA COUNTY

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

management fund are determined on an actuarial basis. The County has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000 and the aggregate policy covers all submitted claims in excess of \$1,079,100.

The County has expended more in claims than was collected for the year. The Coahoma County Insurance's net position balance at September 30, 2016 was \$(451,672). The overall Internal Service net position balance was \$72,009 at September 30, 2016.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2016, the amount of these liabilities was \$72,313. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2014-2015	\$ -	672,078	672,078	-
2015-2016	\$ -	1,127,939	1,055,626	72,313

(9) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$758,470 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2017	\$ 772,780
2018	666,780
2019	609,951
2020	568,951
2021	568,951
2022-2026	2,000,325
2027-2031	325
2032-2033	130
Total Minimum Payments Required	<u>\$ 5,188,193</u>

The County receives income from property it leases in Enterprise Funds. Total income from such leases was \$717,236 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

COAHOMA COUNTY

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

<u>Year Ending September 30</u>	<u>Amount</u>
2017	\$ 567,723
2018	542,805
2019	487,508
2020	366,162
2021	91,799
	<u> </u>
Total Minimum Payments Required	<u><u>\$ 2,055,997</u></u>

(10) Capital Leases.

As Lessor:

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

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 454,124
Buildings	\$ 6,060,159
Equipment	149,104
	<u> </u>
Total	<u><u>\$ 6,663,387</u></u>

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	\$ 228,805	19,952
2018	214,452	14,698
2019	190,465	12,065
2020	184,981	9,824
2021	171,330	8,024
2022-2026	733,100	23,433
2027-2031	658,190	5,677
2032-2033	125,736	117
	<u> </u>	<u> </u>
Total	<u><u>\$ 2,507,059</u></u>	<u><u>93,790</u></u>

(11) Short-term Debt and Liquidity.

There was no short-term borrowing during the fiscal year.

COAHOMA COUNTY

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

(12) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. Coahoma County contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 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's 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 of creditable service for employees who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who become 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. A 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. PERS members are required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2016, 2015 and 2014 were \$812,288, \$810,859 and \$773,289, respectively, which equaled the required contribution for each year.

COAHOMA COUNTY

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

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

At September 30, 2016, the County reported a liability of \$14,268,028 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. At June 30, 2016 the County's proportion was .079877 percent includes .000450 percent for the Coahoma County Soil and Water Conservation District.

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$2,053,110. At September 30, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
Differences between expected and actual experience	\$ 357,849	
Changes in assumptions	685,568	37,701
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		195,654
Difference between ER contributions and proportionate share of ER contributions	114,555	
Net difference between projected and actual earnings on pension plan investments	1,679,739	
Contributions subsequent to the measurement date	<u>203,117</u>	
Total	<u>3,040,828</u>	<u>233,355</u>

Contributions subsequent to the measurement date of \$203,117 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	\$ 1,003,164
2018	852,975
2019	466,349
2020	281,868
Total	<u><u>2,604,356</u></u>

COAHOMA COUNTY

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

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

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

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

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

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

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

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

Sensitivity of the Commission's proportionate share of the net pension liability to changes in the discount rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net

COAHOMA COUNTY

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

pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 18,294,809	\$ 14,268,028	\$ 10,927,103

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

(13) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Notes Payable (Blended component unit)			
Land & Building - Saf-T-Cart	\$ 174,075	3.00%	7-15-22
Land & Building - Standard Industrial	64,136	4.26%	9-20-18
Land & Building - Dept of Human Services	* 1,844,470	1.60%	9-30-33
Total	<u>2,082,681</u>		

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Other Loans:			
MDECD 2002 rail loan	<u>\$ 112,898</u>	0.25%	7-18

* The blended component unit borrowed these funds from the County. This amount has been eliminated for government-wide presentation purposes.

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

COAHOMA COUNTY

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

Governmental Activities:

Blended component unit:

Year Ending September 30	Notes payable	
	Principal	Interest
2017	\$ 179,400	9,700
2018	168,702	7,088
2019	143,567	5,603
2020	144,658	4,512
2021	145,777	3,392
2022-2026	597,340	8,266
2027-2031	577,501	3,358
2032-2033	125,736	117
Total	<u>\$ 2,082,681</u>	<u>42,036</u>

Business-type Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2017	\$ 67,727	205
2018	45,194	42
Total	<u>\$ 112,921</u>	<u>247</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever the county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 4.08% of the latest property assessments.

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:						
Compensated absences	\$ 290,373		(18,778)		271,595	
Notes payable	301,898			(301,898)	-	
Total	<u>\$ 592,271</u>	<u>-</u>	<u>(18,778)</u>	<u>(301,898)</u>	<u>271,595</u>	<u>-</u>

COAHOMA COUNTY

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

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	within one year
Business-type Activities:						
Other loans	\$ 180,479		(67,581)		112,898	67,727
Total	<u>\$ 180,479</u>	<u>-</u>	<u>(67,581)</u>	<u>-</u>	<u>112,898</u>	<u>67,727</u>

Obligation for the County's remaining rail loan was made in accordance with the loan terms. The amounts are paid from the Railroad Fund.

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

(14) Deficits Fund Balance of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2016:

Fund	Deficit Amount
Major Fund:	
General Fund	\$ 4,065,458
Road Fund	1,225,459
Economic Development Authority Fund	2,740,460
Nonmajor Funds:	
COPS Grant Fund	14,656
HMGP Grant Fund	22,363
Victim Assistance Fund	3,402
DUI Grant Fund	50,234
Digital Communication Fund	165,300
DUI Grant Fund	38,760
Airport Grant Fund	7,027
MDOT Multi Modal Grant Fund	14,662
Coahoma County Airport Grant Fund	400,657
Airport Capital Grant MM 014 0214 Fund	91,468
Airport MDOT MM-014-0315 Grant Fund	66,257
Airport AIP 3-28-0014-023-2016 Grant Fund	8,907
CDBG Water & Sewer Project Fund	138,286
East Park Drainage Fund	1,851
CDBG Home Rehabilitation Grant Fund	2,596
E-911 Fund	86,624
Livestock/Fairgrounds Fund	285,629
Tag Interface Fund	57,155
Help MS Vote Fund	19,181
Total Nonmajor funds	<u>1,475,015</u>

COAHOMA COUNTY

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

Internal Service Funds:
Coahoma County Insurance Trust Fund

451,672

(15) 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.

(16) Related Organizations

The Board of Supervisors is responsible appointing members to the Board of the Coahoma County Tourism Commission. The members are appointed for terms of 5 years. The Board of Supervisors is provided a copy and reviews the budget for the Tourism Commission but cannot force a modification to the budget. The member's appointed to the Tourism Board serve without fear of replacement by the Board of Supervisors until that member's term has been served. In fiscal year 2016, \$401,347 was forwarded to the Tourism Commission through collections made from a 1% restaurant tax of \$270,936 and a 2% hotel tax of \$130,411.

(17) Joint Ventures

The County participates in the following joint ventures:

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Clarksdale-Coahoma Airport. The joint venture was created to provide airport facilities for County residents and is governed by a board of commissioners, half of the members are appointed by Coahoma County and half by the City of Clarksdale. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$25,000. Complete financial statements for the Clarksdale-Coahoma Airport can be obtained from the Clarksdale-Coahoma Airport at P.O. Box 406, Lyon, Mississippi 38645.

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Carnegie Public Library of the City of Clarksdale and the County of Coahoma, Mississippi. The joint venture was created to provide library facilities for the County residents and is governed by a ten-member board of commissioners, with five of the members appointed by Coahoma County and five by the City of Clarksdale. The County collected \$220,267. Complete financial statements for the Carnegie Public Library of the City of Clarksdale and the County of Coahoma can be obtained at P.O. Box 280, Clarksdale, Mississippi 38614.

COAHOMA COUNTY

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

(18) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints six of the twelve members of the college board of trustees. The County collected \$1,282,830 for maintenance and support of the college in fiscal year 2016.

North Delta Planning and Development District is comprised of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Coahoma County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$68,000 for support of the district in fiscal year 2016.

The Region I Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$55,250 for the support of the center in fiscal year 2016.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Coahoma County Board of Supervisors appoints one of the twenty-one members of the board of commissioners. The County levied a .75 mill tax which resulted in \$142,808 to help finance the district in fiscal year 2016.

(19) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$20,778,486) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$201,977 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 \$3,023,763 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 \$232,045 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3.48 years.

The governmental activities' unrestricted net position amount of (\$20,778,486) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$93,790 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the unrestricted net position over the next 16 years.

The governmental activities' unrestricted net position amount of (\$20,778,486) includes the effect of recognition of deferring the recognition of revenue resulting from deferred inflows from property taxes that belong to a future period. The balance of deferred inflows of resources at September 30, 2016 was \$7,863,492.

The business-type activities' unrestricted net position amount of (\$192,997) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources

COAHOMA COUNTY

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

related to pension in the amount of \$1,140 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, 2016. The \$17,065 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 \$1,310 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3.48 years.

(20) Subsequent Events

Events that occur after the statement of net position but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of Coahoma County evaluated the activity of the county through June 8, 2018, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Certificates of participation were issued in the amount of \$12,490,000 for the construction of a new jail/fire station building.

On going projects at Moon Lake include the construction of a bike trail for \$927,000, construction of a scenic overlook of \$427,000 and construction of an exercise area of \$250,000. The majority of the projects are being completed with the assistance of grants through the Department of Transportation.

COAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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COAHOMA COUNTY
 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	\$ 5,340,039	5,066,963	5,066,611	(352)
Licenses, commissions and other revenue	542,021	510,961	510,960	(1)
Fines and forfeitures	210,000	151,934	151,934	-
Special assessments	10,000	7,842	7,842	-
Intergovernmental revenues	3,502,929	2,524,410	2,405,327	(119,083)
Charges for services	271,061	115,396	115,396	-
Interest income	54,000	7,952	7,517	(435)
Miscellaneous revenues	688,145	649,358	656,062	6,704
Total Revenues	<u>10,618,195</u>	<u>9,034,816</u>	<u>8,921,649</u>	<u>(113,167)</u>
EXPENDITURES				
Current:				
General government	4,067,664	3,778,025	3,779,524	(1,499)
Public safety	4,402,445	4,096,660	4,077,848	18,812
Public works	1,489,057	296,686	277,008	19,678
Health and welfare	502,898	480,163	480,163	-
Culture and recreation	223,171	233,292	233,292	-
Conservation of natural resources	102,861	99,260	99,260	-
Economic development and assistance	134,170	117,170	117,170	-
Debt service:				
Interest	401,939	382,467	142,497	239,970
Total Expenditures	<u>11,324,205</u>	<u>9,483,723</u>	<u>9,206,762</u>	<u>276,961</u>
Excess of Revenues over (under) Expenditures	<u>(706,010)</u>	<u>(448,907)</u>	<u>(285,113)</u>	<u>163,794</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	3,254,406	2,854,619	2,854,212	(407)
Other financing uses	<u>(2,870,684)</u>	<u>(2,762,244)</u>	<u>(2,681,652)</u>	<u>80,592</u>
Total Other Financing Sources (Uses)	<u>383,722</u>	<u>92,375</u>	<u>172,560</u>	<u>80,185</u>
Net Change in Fund Balance	(322,288)	(356,532)	(112,553)	243,979
Fund Balances - Beginning	<u>1,115,039</u>	<u>174,251</u>	<u>(3,907,076)</u>	<u>(4,081,327)</u>
Fund Balances - Ending	<u>\$ 792,751</u>	<u>(182,281)</u>	<u>(4,019,629)</u>	<u>(3,837,348)</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Road 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	\$ 707,657	547,050	547,050	-
Road and bridge privilege taxes	240,000	232,982	232,982	-
Licenses, commissions and other revenue	4,250	4,823	4,823	-
Intergovernmental revenues	575,500	667,136	667,135	(1)
Miscellaneous revenues	110,000	161,176	161,177	1
Total Revenues	<u>1,637,407</u>	<u>1,613,167</u>	<u>1,613,167</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	<u>2,017,600</u>	<u>2,655,317</u>	<u>2,499,848</u>	<u>155,469</u>
Excess of Revenues over (under) Expenditures	<u>(380,193)</u>	<u>(1,042,150)</u>	<u>(886,681)</u>	<u>155,469</u>
Net Change in Fund Balance	(380,193)	(1,042,150)	(886,681)	155,469
Fund Balances - Beginning	<u>223,614</u>	<u>(186,672)</u>	<u>(307,738)</u>	<u>(121,066)</u>
Fund Balances - Ending	<u>\$ (156,579)</u>	<u>(1,228,822)</u>	<u>(1,194,419)</u>	<u>34,403</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Economic Development Authority 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	\$ 108,779	107,901	107,901	-
Intergovernmental revenues	800,000	400,000	400,000	-
Interest income	40,434	37,134	37,135	1
Miscellaneous revenues	5,000	31,745	31,743	(2)
Total revenues	<u>954,213</u>	<u>576,780</u>	<u>576,779</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Economic development and assistance	1,792,716	859,171	859,171	-
Debt Service:				
Principal	40,434	37,518	39,761	(2,243)
Total Expenditures	<u>1,833,150</u>	<u>896,689</u>	<u>898,932</u>	<u>(2,243)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			17,289	17,289
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>17,289</u>	<u>17,289</u>
Net Change in Fund Balance	(878,937)	(319,909)	(304,864)	15,045
Fund Balances - Beginning	<u>320,788</u>	<u>343,444</u>	<u>1,982,854</u>	<u>1,639,410</u>
Fund Balances - Ending	<u>\$ (558,149)</u>	<u>23,535</u>	<u>1,677,990</u>	<u>1,654,455</u>

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

COAHOMA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Hospital Reserve Fund
 For the Year Ended September 30, 2016
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 343,192	300,221	300,221	-
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	343,192	300,221	300,221	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(318,245)	(321,930)	(321,930)	-
Total Other Financing Sources (Uses)	(318,245)	(321,930)	(321,930)	-
Net Change in Fund Balance	24,947	(21,709)	(21,709)	-
Fund Balances - Beginning	44,289,817	44,289,817	44,289,817	-
Fund Balances - Ending	\$ 44,314,764	44,268,108	44,268,108	-

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

Coahoma County, Mississippi
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability PERS
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.079877%	0.081414%
County's proportionate share of the net pension liability (asset)	14,268,027	12,584,999
County's covered employee payroll	5,140,258	5,148,311
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	277.57%	244.45%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

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

1. The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.
2. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10 year trend is compiled, the County has only presented information for the years in which the information is available.

Coahoma County, Mississippi
Required Supplementary Information
Schedule of County Contributions
PERS
Last 10 years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 812,288	810,859
Contributions in relation to the contractually required contribution	<u>812,288</u>	<u>810,859</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	5,157,379	5,148,311
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

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

COAHOMA COUNTY

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

Notes to the Required Supplementary Information

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 supplemental information.

C. Budget/GAAP Reconciliation

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

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

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

COAHOMA COUNTY

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

	Governmental Fund Types			
	General Fund	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund
Budget (Cash Basis)	\$ (112,553)	(886,681)	(304,864)	(21,709)
Increase (Decrease)				
Net adjustments for revenue accruals	232,165	11,737	323,761	1,314,193
Net adjustments for expenditure accruals	36,986	169,201	(283,066)	
GAAP Basis	<u>\$ 156,598</u>	<u>(705,743)</u>	<u>(264,169)</u>	<u>1,292,484</u>

D. Excess of Actual Expenditures Over Budget in Individual Funds

There were no funds with an excess of actual expenditures over budget.

E. Unbudgeted Funds

There were no unbudgeted funds.

Pension Schedules

Changes of assumptions.

- 2015
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

Changes in benefit provisions

- 2016
 - 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.

COAHOMA COUNTY

SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Office of Community Planning and Development			
Passed through Mississippi Rural Development Authority			
Community Development Block Grants / State's program and non-entitlement grants in Hawaii	14.228	1131-14-014-ED-01	* 392,500
Community Development Block Grants / State's program and non-entitlement grants in Hawaii	14.228	1131-14-014-ED-02	* 146,956
U.S. Department of Justice			
Passed-through Mississippi Department of Public Safety			
Office for Victims of Crimes			
Crime Victim Assistance	16.575	13VA1141	13,608
Crime Victim Assistance	16.575	14VA1141	28,322
Office of Community Oriented Policing Services			
Passed-through Mississippi Department of Public Safety			
Public Safety Partnership and Community Policing Grants	16.710	2013UMWX0152	47,259
Bureau of Justice Assistance			
Byrne Criminal Justice Innovation Program	16.817	2014-AJ-BX-0001	24,082
U.S. Department of Transportation			
Federal Aviation Administration - Direct Awards			
Airport Improvement Program	20.106	3-28-0014-021-2014	5,841
Airport Improvement Program	20.106	3-28-0015-022-2015	34,791
Airport Improvement Program	20.106	3-28-0014-023-2016	160,305
National Highway Safety Administration			
Passed-through Mississippi Department of Transportation			
Alcohol Open Container Requirements	20.607	15ST114-1	56,134
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Passed-through Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	1604-514	105,174
Hazard Mitigation Grant	97.039	HMGP 4175-0021	67,088
Total Expenditures of Federal Awards			<u>1,082,060</u>

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

NOTES TO SCHEDULE

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Coahoma County under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Coahoma County, it is not intended and does not present the financial position, changes in net assets, or cash flows of Coahoma County, Mississippi.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - De Minimis Indirect Cost Rate

Coahoma County has elected not to use the 10 percent *de minimus* indirect cost rate allowed under the Uniform Guidance.

COAHOMA COUNTY

OTHER INFORMATION

COAHOMA COUNTY

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

Name	Position	Company	Bond
Paul Pearson	Supervisor District 1	Travelers	\$100,000
Pat Davis	Supervisor District 2	Travelers	\$100,000
Darrell Washington	Supervisor District 3	Western Surety	\$100,000
John Newson	Supervisor District 4	Brierfield	\$100,000
Will Young	Supervisor District 5	Brierfield	\$100,000
Daniel Vassel	County Administrator	Brierfield	\$100,000
Carolyn Parham	Chancery Clerk	Brierfield	\$100,000
Deloris Small	Purchase Clerk	Brierfield	\$75,000
Alice Foster	Receiving Clerk	Western Surety	\$75,000
Jimmy Williams	Assistant Receiving Clerk	Southgroup	\$50,000
Nancy Chiles	Assistant Receiving Clerk	Western Surety	\$50,000
Mary Dilley	Assistant Receiving Clerk	Western Surety	\$50,000
Roger Mack Harris	Assistant Receiving Clerk	Southgroup	\$50,000
Darlene Lake	Assistant Receiving Clerk	Western Surety	\$50,000
Lester Myles	Assistant Receiving Clerk	Western Surety	\$50,000
Diane Smith	Assistant Receiving Clerk	Southgroup	\$50,000
John Tarzi	Assistant Receiving Clerk	Western Surety	\$25,000
Jerry Mills	Assistant Receiving Clerk	Southgroup	\$50,000
Barbara Ann Johnson	Assistant Receiving Clerk	Western Surety	\$50,000
Reginio Booker	Assistant Receiving Clerk	Western Surety	\$50,000
Stanley Lynom	Assistant Receiving Clerk	Brierfield	\$50,000
Morgan Wood	Inventory Control Clerk	Southgroup	\$100,000
Lester Myles	Road Manager	Brierfield	\$50,000
John Rybolt	Constable	Western Surety	\$50,000
Floyd Williams	Constable	Brierfield	\$50,000
Demetria Jackson	Circuit Clerk	Brierfield	\$50,000
Charles Jones	Sheriff	Brierfield	\$100,000
Jessie Burton	Justice Court Judge	Brierfield	\$50,000
Anthony Rogers	Justice Court Judge	Brierfield	\$50,000
Tyrus Jones	Deputy Justice Court Clerk	Western Surety	\$50,000
Darlene Lake	Justice Court Clerk	Western Surety	\$50,000
Mary Johnson	Deputy Justice Court Clerk	Western Surety	\$50,000
Reginle Booker	Deputy Justice Court Clerk	Western Surety	\$50,000
Hattie Shivers	Tax Collector-Assessor	Brierfield	\$100,000

COAHOMA COUNTY

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COAHOMA COUNTY

SPECIAL REPORTS

COAHOMA COUNTY

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

Members of the Board of Supervisors
Coahoma 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 Coahoma County, Mississippi, (the County) as of and for the year ended September 30, 2016, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 8, 2018.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Cost as 2016-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2016-002 to be a significant deficiency.

Compliance and Other Matters

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

We also noted a certain matter that we reported to management of Coahoma County, Mississippi, in the Limited Internal Control and Compliance Review Management Report, dated June 8, 2018, included within this document.

Coahoma County's Responses to Findings

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

Purpose of this Report

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

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
June 8, 2018

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

Members of the Board of Supervisors
Coahoma County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Coahoma County, Mississippi's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Coahoma County, Mississippi's major federal program for the year ended September 30, 2016. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Coahoma County's, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Coahoma County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Cost as items 2016-003 and 2016-004. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-004, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this report

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

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
June 8, 2018

**INDEPENDENT ACCOUNTANTS' 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
Coahoma County, Mississippi

We have examined Coahoma 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 Coahoma 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 Coahoma 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 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, Coahoma 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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
June 8, 2018

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

Schedule 1

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

COAHOMA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

COAHOMA COUNTY

Schedule 3

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

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Coahoma County, Mississippi

In planning and performing our audit of the financial statements of Coahoma County, Mississippi for the year ended September 30, 2016 we considered Coahoma County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Coahoma 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 June 8, 2018 on the financial statements of Coahoma County, Mississippi.

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

The results of our review procedures and compliance tests identified a certain area that is an opportunity for strengthening internal control and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Chancery Clerk

1. Fee journal

Finding

The Chancery Clerk's fee journal did not properly foot and cross foot for the months tested.

Recommendation

The fee journals should foot and cross foot as recommended by the *County Financial Accounting Manual* published by the State Auditor's office.

Chancery Clerk's Response

This was caused by an error in the formula format in the Excel spreadsheet. I attempted to do my own Fee Journal, but, with staff changes and training of new staff it became more than I could handle. I have since hired a bookkeeper and have changed bookkeeping software. I now use the electronic accounting software program called Quickbooks. This is being corrected.

2. Bank reconciliation fee account

Finding

The bank reconciliation for the fee account did not reconcile to the fee journal provided by the Clerk.

Recommendation

The bank reconciliation for the fee account should reconcile to the fee journal as recommended by the *County Financial Accounting Manual* published by the State Auditor's office.

Chancery Clerk's Response

This was caused by an error in the formula format in the Excel spreadsheet. I attempted to do my own reconciliation, but, with staff changes and training of new staff it became more than I could handle. I have since hired a bookkeeper. This is being corrected.

3. Deposit of County payments

Finding

Payments from the County were posted into the Chancery Clerk's fee journal. However, the payments from the County were not deposited into the fee bank account. Based on inquiries made, it appears the payments were deposited into the Clerk's personal bank account.

Recommendation

In order to follow state guidelines, deposits from the County should be deposited into the Chancery Clerk fee account.

Chancery Clerk's Response

The County payments are now being deposited into the Clerk's Fee account.

Board of Supervisors

4. Officials Bonds

Finding

Section 31-7-124, *Mississippi Code of 1972 Annotated*, requires an assistant receiving clerk to be bonded for \$50,000. One clerk was bonded for only \$25,000. Section 9-7-121, *Mississippi Code of 1972 Annotated*, requires the Circuit Clerk be bonded for \$100,000. The Clerk was bonded for only \$50,000.

Recommendation

The County should comply with code sections 31-7-124 and 9-7-121, *Mississippi Code of 1972 Annotated*, in relation to proper amounts for officials bonds.,

Board of Supervisor's Response

The bond amounts for these officials have been changed in accordance with the above finding.

5. Cash Collateral Report

Finding

Section 27-105-5(6)(b) *Mississippi Code of 1972 Annotated*, requires the County to submit The Public Depositors Annual Report to the Office of the State Treasurer within 30 days of fiscal year end. The report was not submitted until September 29, 2017.

Recommendation

The County should comply with code section 27-105-5(6)(b), *Mississippi Code of 1972 Annotated*, and submit the required report within 30 days of fiscal year end.

Board of Supervisor's Response

The deadline for the submission will be complied with.

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

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

Ellis & Hirsberg CPA's PLLC

Ellis & Hirsberg CPA's PLLC
Clarksdale, Mississippi
June 8, 2018

COAHOMA COUNTY

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COAHOMA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COAHOMA COUNTY

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COAHOMA COUNTY

Schedule of Findings and Questioned Costs For the year ended September 30, 2016

Section 1: 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? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses. | Yes |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|----|--|------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | Yes |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Federal programs identified as major programs: | |
| | a. Community Development Block Grants/State's program and non-entitlement grants in Hawaii, CFDA# 14.228 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

COAHOMA COUNTY

Schedule of Findings and Questioned Costs For the year ended September 30, 2016

Section 2: Financial Statement Findings

Board of Supervisors

Material Weaknesses

2016-001 Finding

Criteria

An effective internal control system over financial statement preparation and reporting in accordance with generally accepted accounting principles should enable a government to properly prepare and present financial statements, notes to the financial statements, required supplementary information and supplementary information as required by accounting principles generally accepted in the United States of America.

Condition

The County does not have in place the necessary internal control structure to properly prepare and present its financial statements in accordance with accounting principles generally accepted in the United States of America. This condition is essentially a repeat of prior year finding 2015-001.

Cause

The current system relies heavily on inputs and adjustments proposed by the external auditor.

Effect

The volume of work necessary for the auditor to prepare and properly present the financial statements, notes and additional supplementary information is extensive and can result in delays in issuing completed audit reports. Delays for the auditor in obtaining the information necessary to complete the above tasks adds to the overall delay in issuing an audit report.

Recommendation

Due to the complex nature of the County's report, the County should put into place controls which allow its own personnel to draft the financial statements, notes to the financial statements, schedule of expenditures of federal awards, and necessary supplementary information. Another option would be to outsource this task to another firm or qualified individual.

View of Responsible Officials

The County is presently under new Administration and has a new Comptroller. We feel that these conditions are conducive for this administration to comply internally with the recommendation. As time progresses, if the need should arise, then the County will look into other options.

Significant deficiency/immaterial noncompliance

2016-002 Finding

Please see below finding 2016-004.

COAHOMA COUNTY

Schedule of Findings and Questioned Costs For the year ended September 30, 2016

Section 3: Federal Award Findings and Questioned Costs

Immaterial noncompliance

2016-003

Finding

Program

CFDA 14.228, Community Development Block Grants/State's program and non-entitlement grants in Hawaii, passed through Mississippi Rural Development Authority.

Compliance Requirement

Special test and provisions

Criteria

The grant agreement provides labor standards provisions are to be followed.

Condition

A monitoring report by the Mississippi Development Authority for project #1131-14-014-ED-01 indicated the County failed to provide documentation of other deduction authorizations for employees of the contractor and sub-contractor for the project. The County also failed to provide weekly payrolls for one electrical contractor.

Cause

The condition resulted from an oversight by the personnel involved.

Effect

The above action is considered to be noncompliance with federal guidelines surrounding federal award programs.

Questioned Cost

No questioned costs were involved as a result of the condition.

Perspective

For certain grants, the County contracts with a Planning and Development District to assist with grant administration requirements. Numerous grants have been undertaken in previous years by the County with the aid of the Planning and Development District. The condition indicated above is an isolated condition resulting from human error.

Repeat finding

The finding is not a repeat finding from a prior year.

Recommendation

The County should comply with labor standard provisions of federal statutes.

COAHOMA COUNTY

Schedule of Findings and Questioned Costs For the year ended September 30, 2016

Views of Responsible Officials

The County has collected payrolls and other deduction forms from contractors. The County will ensure payroll is collected from all contractors and sub-contractors on future projects by covering the requirements more thoroughly during pre-construction conferences. Other deduction forms will be checked for weekly as payrolls come in, and payrolls will be required from all sub-contractors.

Significant Deficiency/immaterial noncompliance

2016-004

Finding

Program

CFDA 14.228, Community Development Block Grants/State's program and non-entitlement grants in Hawaii, passed through Mississippi Rural Development Authority.

Compliance Requirement

Reporting

Criteria

The Uniform Guidance Section 200-512 provides that the audit report and data collection form should be completed within nine months of year end.

Condition

The audit report and data collection forms were not completed within the required time frame.

Cause

As noted in Finding 2016-001, the County lacks a proper internal control system which will result in the timely preparation of its financial statements and its data collection form. The current system relies heavily upon assistance from the external auditor.

Possible effect

The possible effect of the condition could lead to temporary or permanent loss of future grant funds.

Questioned Costs

None

Perspective

Governmental accounting has become a very complex environment. Preparation of governmental financial statements involves knowledge of the standards issued by the Government Accounting Standards Board. The County should either have on staff an individual with the necessary knowledge, skill and experience to prepare financial statements or the job should be outsourced to an appropriate party with the knowledge, skills and experience to provide such a service.

COAHOMA COUNTY

Schedule of Findings and Questioned Costs For the year ended September 30, 2016

Repeat finding

The finding is not a repeat finding from a prior year.

Recommendation

Financial statements and the data collection form should be completed within nine months of year end in those years federal expenditures are in excess of \$750,000.

Views of Response Officials

The County is presently under new administration and has a new Comptroller. We feel that these conditions are conducive for this administration to comply internally with the recommendation. As time progresses, if the new should arise, then the County will look into other options.

COAHOMA COUNTY

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COAHOMA COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

COAHOMA COUNTY

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Coahoma County

Board of Supervisors

Paul Pearson, President
District 1
Johnny Newson, District 4
Vice President
Pat Davis, District 2
Derrel Washington, District 3
Will Young, District 5

Morgan Wood
County Administrator
Tom T Ross, Jr.
Board Attorney

P.O. Box 579
Clarksdale, MS 38614
662.624.3028 – office
662.624.3029 – fax
ccadmin@cablone.net

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 200.511 of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Coahoma County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questions Costs for the year ended September 30, 2016.

<u>Finding</u>	<u>Corrective Action Plan</u>
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2016-001	a. Name of contact person responsible for corrective action:
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Name: Morgan Wood
Title: County Administrator
Phone: 662-624-3028

b. Corrective Action Planned:

The County is presently under new administration and has a new Comptroller. We feel that these conditions are conducive for this administration to comply internally with the recommendation. As time progresses, if the need should arise, then the County will look into other options.

c. Anticipated Completion Date:

September 2018

2016-002	a. Name of contact person responsible for corrective action:
----------	--

Name: Morgan Wood
Title: County Administrator
Phone: 662-624-3028

b. Corrective Action Planned:

The County is presently under new administration and has a new Comptroller. We feel that these conditions are conducive for this administration to comply internally with the recommendation. As time progresses, if the need should arise, then the County will look into other options.

c. Anticipated Completion Date:

September 2018

2016-003 a. Name of contact person responsible for corrective action:

Name: Morgan Wood
Title: County Administrator
Phone: 662-624-3028

b. Corrective Action Planned:

The County has collected payrolls and other deduction forms from contractors. The County will ensure payrolls are collected from all contractors and sub-contractors on future projects by covering the requirements more thoroughly during pre-construction conferences. Other deductions forms will be checked for weekly as payrolls come in and payrolls will be required from all sub-contractors.

c. Anticipated Completion Date:

September 2017

2016-004 a. Name of contact person responsible for corrective action:

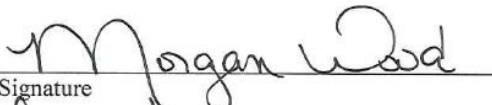
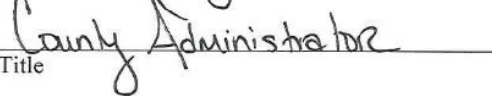
Name: Morgan Wood
Title: County Administrator
Phone: 662-624-3028

b. Corrective Action Planned:

The County is presently under new administration and has a new Comptroller. We feel that these conditions are conducive for this administration to comply internally with the recommendation. As time progresses, if the need should arise, then the County will look into other options.

c. Anticipated Completion Date:

September 2018


Signature

Title