



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**HUMPHREYS COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports**

**For the Year Ended September 30, 2016**



# HUMPHREYS COUNTY

## TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR’S REPORT .....	2
FINANCIAL STATEMENTS .....	6
Statement of Net Position .....	7
Statement of Activities.....	8
Balance Sheet – Governmental Funds .....	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	12
Statement of Fiduciary Assets and Liabilities.....	13
Notes to Financial Statements .....	14
REQUIRED SUPPLEMENTARY INFORMATION .....	35
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund .....	36
District 3 Road Fund .....	37
Fire Protection Fund .....	38
Schedule of Proportionate Share of the Net Pension Liability.....	39
Schedule of Contributions .....	40
Notes to Required Supplementary Information .....	41
OTHER INFORMATION .....	43
Schedule of Surety Bonds for County Officials .....	44
SPECIAL REPORTS.....	45
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.....	46
Independent Accountant’s Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)).....	49
Limited Internal Control and Compliance Review Management Report .....	54
SCHEDULE OF FINDINGS AND RESPONSES .....	58

# **HUMPHREYS COUNTY**

## **FINANCIAL SECTION**

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Humphreys County, Mississippi

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Humphreys 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 Humphreys County Library, a component unit, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit 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 of material misstatement.

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

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

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

As discussed in Note 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities is not reasonably determinable.

#### **Qualified Opinions**

In our opinion, except for the effects of the matter discussed in "Basis for Qualified Opinions on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Humphreys County, Mississippi, as of September 30, 2016, and the change in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, District 3 Road Fund, Fire Protection Fund and the aggregate remaining fund information of Humphreys County, Mississippi, as of September 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's 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.

### **Omission of Required Supplementary Information**

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

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2019, on our consideration of Humphreys County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to



provide an opinion on the 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 Humphreys County, Mississippi's internal control over financial reporting and compliance.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

April 12, 2019

## **HUMPHREYS COUNTY**

## **FINANCIAL STATEMENTS**

**HUMPHREYS COUNTY**  
**Statement of Net Position**  
**September 30, 2016**

**Exhibit 1**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Humphreys County Library</b>
<b>ASSETS</b>		
Cash	\$ 4,021,973	146,489
Property tax receivable	7,941,306	
Accounts receivable, (net of allowance for uncollectibles of \$2,520,038)	74,005	
Fines receivable, (net of allowance for uncollectibles of \$1,717,686)	67,680	
Loans receivable	95,720	
Intergovernmental receivables	33,690	
Other receivables	2,352	
Capital assets:		
Land and construction in progress	2,336,095	
Other capital assets, net	27,637,700	7,458
Total Assets	42,210,521	153,947
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	1,382,795	33,542
Total Deferred Outflows of Resources	1,382,795	33,542
<b>LIABILITIES</b>		
Claims payable	406,020	7,311
Claims and judgments payable	56,477	
Intergovernmental payables	151,863	
Accrued interest payable	29,859	
Long-term liabilities		
Net pension liability	6,305,461	162,905
Due within one year:		
Capital debt	614,544	
Due in more than one year:		
Capital debt	1,711,397	
Non-capital debt	1,433,940	
Total Liabilities	10,709,561	170,216
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax for future reporting period	7,941,306	
Deferred inflows related to pensions	121,958	6,342
Total Deferred Inflows of Resources	8,063,264	6,342
<b>NET POSITION</b>		
Net investment in capital assets	27,647,854	7,458
Restricted:		
Expendable:		
General government	267	6,081
Public safety	592,106	
Public works	1,458,093	
Health and welfare	33,884	
Culture & recreation	4,784	
Economic Development	16,659	
Debt service	679,552	
Unrestricted	(5,612,708)	(2,608)
Total Net Position	\$ 24,820,491	10,931

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

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

**Exhibit 2**

Functions/Programs	Program Revenues				Net ( Expense ) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Governmental Activities	Humphreys County Library
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 3,384,720	272,155			(3,112,565)	
Public safety	1,266,311	92,498	38,416		(1,135,397)	
Public works	2,541,403	200,987	4,500	246,356	(2,089,560)	
Health and welfare	299,173		85,192		(213,981)	
Culture and recreation	56,663				(56,663)	
Conservation of natural resources	108,557				(108,557)	
Economic development and assistance	2,000				(2,000)	
Interest on long-term debt	125,131				(125,131)	
Pension expense	920,612				(920,612)	
Total Governmental Activities	<u>\$ 8,704,570</u>	<u>565,640</u>	<u>128,108</u>	<u>246,356</u>	<u>(7,764,466)</u>	
<b>Component Units:</b>						
Humphreys County Library	<u>\$ 123,810</u>	<u>7,249</u>	<u>41,860</u>			<u>(74,701)</u>
General revenues:						
Property taxes					\$ 7,257,167	
Road & bridge privilege taxes					83,015	
Grants and contributions not restricted to specific programs					658,784	58,000
Unrestricted interest income					20,675	186
Miscellaneous					202,101	500
Total General Revenues					<u>8,221,742</u>	<u>58,686</u>
Changes in Net Position					<u>457,276</u>	<u>(16,015)</u>
Net Position - Beginning, as originally reported					24,363,215	30,095
Prior period adjustments					-	(3,149)
Net Position - Beginning, as restated					<u>24,363,215</u>	<u>26,946</u>
Net Position - Ending					<u>\$ 24,820,491</u>	<u>10,931</u>

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

**HUMPHREYS COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2016**

**Exhibit 3**

	<b>Major Fund</b>				
	<b>General</b>	<b>District 3</b>	<b>Fire</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Road</b>	<b>Protection</b>	<b>Governmental</b>	<b>Governmental</b>
		<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>ASSETS</b>					
Cash	\$ 1,029,389	456,981	456,892	2,078,711	4,021,973
Property tax receivable	5,290,543	87,220	41,202	2,522,341	7,941,306
Accounts receivable ( net of allowance for uncollectibles of \$2,520,038)				74,005	74,005
Fines receivable ( net of allowance for uncollectibles of \$1,717,686)	67,680				67,680
Loans receivable	95,720				95,720
Intergovernmental receivables	33,690				33,690
Due from other funds	88,250	67,878	351	26,287	182,766
Other receivables	2,352				2,352
Total Assets	<u>6,607,624</u>	<u>612,079</u>	<u>498,445</u>	<u>4,701,344</u>	<u>12,419,492</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Claims payable	288,374	24,544		93,102	406,020
Claims and judgments payable	56,477				56,477
Intergovernmental payables	151,863				151,863
Due to other funds	28,516			154,250	182,766
Amounts held in custody for others	-				
Total Liabilities	<u>525,230</u>	<u>24,544</u>	<u>-</u>	<u>247,352</u>	<u>797,126</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	5,290,543	87,220	41,202	2,522,341	7,941,306
Unavailable revenue - sanitation fees				74,005	74,005
Unavailable revenue - fines	67,680				67,680
Total Deferred Inflows of Resources	<u>5,358,223</u>	<u>87,220</u>	<u>41,202</u>	<u>2,596,346</u>	<u>8,082,991</u>
<b>FUND BALANCE</b>					
Restricted for:					
General government				267	267
Public safety			457,243	134,863	592,106
Public works		500,315		957,778	1,458,093
Health and welfare				33,884	33,884
Culture & recreation				4,784	4,784
Economic development				16,659	16,659
Debt Service				709,411	709,411
Unassigned	724,171				724,171
Total Fund Balances	<u>724,171</u>	<u>500,315</u>	<u>457,243</u>	<u>1,857,646</u>	<u>3,539,375</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>6,607,624</u>	<u>612,079</u>	<u>498,445</u>	<u>4,701,344</u>	<u>12,419,492</u>

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

**HUMPHREYS COUNTY****Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2016**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,539,375
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$46,246,657.	29,973,795
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	141,685
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,759,881)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(6,305,461)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	1,382,795
Deferred inflows of resources related to pensions	(121,958)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(29,859)
Total Net Position - Governmental Activities	<u>\$ 24,820,491</u>

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

**HUMPHREYS COUNTY****Exhibit 4****Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds  
For the Year Ended September 30, 2016**

	<b>Major Fund</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>District 3</b>	<b>Fire</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Road</b>	<b>Protection</b>	<b>Funds</b>	<b>Funds</b>
		<b>Fund</b>	<b>Fund</b>		
<b>REVENUES</b>					
Property taxes	\$ 4,927,178	69,123	37,064	2,223,802	7,257,167
Road and bridge privilege taxes		16,603		66,412	83,015
Licenses, commissions and other revenue	113,823			3,400	117,223
Fines and forfeitures	137,700				137,700
Intergovernmental revenues	309,749	121,274	38,461	563,764	1,033,248
Charges for services	8,580			284,903	293,483
Interest income	8,327	2,833		9,515	20,675
Miscellaneous revenues	189,820	150		12,131	202,101
Total Revenues	<u>5,695,177</u>	<u>209,983</u>	<u>75,525</u>	<u>3,163,927</u>	<u>9,144,612</u>
<b>EXPENDITURES</b>					
General government	3,530,761			15,502	3,546,263
Public safety	1,148,165			72,388	1,220,553
Public works		266,391		2,081,414	2,347,805
Health and welfare	98,641			165,235	263,876
Culture and recreation	46,042				46,042
Conservation of natural resources	119,284				119,284
Economic development and assistance	2,000				2,000
Debt service:					
Principal	255,241	8,233		311,995	575,469
Interest	15,725	1,066		125,264	142,055
Total Expenditures	<u>5,215,859</u>	<u>275,690</u>	<u>-</u>	<u>2,771,798</u>	<u>8,263,347</u>
Excess of Revenues over (under) Expenditures	<u>479,318</u>	<u>(65,707)</u>	<u>75,525</u>	<u>392,129</u>	<u>881,265</u>
<b>OTHER FINANCING SOURCES ( USES)</b>					
Transfer in				356,314	356,314
Transfer out	(356,314)				(356,314)
Total Other Financing Sources and Uses	<u>(356,314)</u>	<u>-</u>	<u>-</u>	<u>356,314</u>	<u>-</u>
Net Changes in Fund Balances	<u>123,004</u>	<u>(65,707)</u>	<u>75,525</u>	<u>748,443</u>	<u>881,265</u>
Fund Balances - Beginning, as previously reported	601,167			2,056,943	2,658,110
Fund reclassification	-	566,022	381,718	(947,740)	-
Fund Balances - Beginning, as restated	<u>601,167</u>	<u>566,022</u>	<u>381,718</u>	<u>1,109,203</u>	<u>2,658,110</u>
Fund Balances - Ending	<u>\$ 724,171</u>	<u>500,315</u>	<u>457,243</u>	<u>1,857,646</u>	<u>3,539,375</u>

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

**HUMPHREY 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	\$ 881,265
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 of \$715,326 exceeded capital outlays of \$234,216 in the current period.	(481,110)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	18,391
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.	(1,159)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayment of \$575,469.	575,469
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting, when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:	
Interest payable	16,924
Compensated absences	10,524
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	(920,612)
Recording of contributions made prior and subsequent to the measurement date	357,584
Change in Net Position of Governmental Activities	\$ <u>457,276</u>

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



**HUMPHREYS COUNTY**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2016**

**Exhibit 5**

	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash	\$ <u>327,713</u>
Total Assets	<u><u>327,713</u></u>
<b>LIABILITIES</b>	
Intergovernmental payables	<u>327,713</u>
Total Liabilities	\$ <u><u>327,713</u></u>

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity.**

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

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

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

**B. Individual Component Unit Disclosures.**

**Discretely Presented Component Unit**

The component unit column in the financial statements includes the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County. All members of the governing body of this component unit are appointed by the County Board of Supervisors.

The Humphreys County Library is a public library designed to promote and develop adequate library services throughout Humphreys County that meet the general and specialized needs of the citizens of the County. The Board of Supervisors of Humphreys County appoints the five members of the Library's Board of Trustees.

**C. Basis of Presentation.**

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

**Government-wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements:**

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

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

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

Governmental fund 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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

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

District 3 Road Fund – This fund is used to account for monies from specific revenue sources that are restricted for District 3 road maintenance.

Fire Protection Fund – This fund is used to account for monies from specific revenue sources that are restricted for fire protection.

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 financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

**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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Cash includes cash on hand, demand deposits, certificates of deposit, and other 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 market value. However, the County did not invest in any governmental securities during the fiscal year.

**G. Receivables.**

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

**H. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**I. Capital Assets.**

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements 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:

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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

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

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

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 11 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 inflows of resources (revenues) 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 non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time 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 11 for additional details.

**K. Pensions.**

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

**L. Long-term Liabilities.**

Long-term liabilities are the un-matured 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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities.

**M. Equity Classifications.**

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

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

*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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**Fund Balance Flow Assumption:**

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

**N. Property Tax Revenues.**

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

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

**O. Intergovernmental Revenues in Governmental Funds.**

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

**P. Compensated Absences.**

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



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS**

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

Exhibit 2 – Statement of Activities.

Component Unit - Humphreys County Library	
Explanation	Amount
To correct beginning net pension calculations	\$ 726
To adjust beginning balance sheet amounts	(3,875)
Total prior period adjustments	<u>\$ (3,149)</u>

**NOTE 3 – DEPOSITS.**

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$4,349,686 and the bank balance was \$4,391,282. 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). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.**

The following is a summary of inter-fund balances at September 30, 2016:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 88,250
District 3 Road Fund	General Fund	1,878
District 3 Road Fund	Other Governmental Funds	66,000
Fire Protection Fund	General Fund	351
Other Governmental Funds	General Fund	26,287
Total		<u>\$ 182,766</u>

The amounts payable from the General Fund represent the tax revenue collected but not settled until after September 30, 2016. The amounts payable from Other Governmental Funds were to cover deficit cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**B. Transfers In/Out:**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 356,314
Total		<u>\$ 356,314</u>

Interfund transfers were to cover deficit cash balances and to create a new fund.

**NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.**

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

<u>Governmental Activities:</u>	<u>Receivables</u>
Legislative Credit	\$ 33,690
Total	<u>\$ 33,690</u>

**NOTE 6– LOANS RECEIVABLES.**

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

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Promissory Note from chancery clerk	3/1/2015	0%	11/15/2019	\$ 95,720
Total				<u>\$ 95,720</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 7 – CAPITAL ASSETS.**

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

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 190,513				190,513
Construction in progress	4,305,453	227,616		(2,387,487)	2,145,582
Total Non-depreciable capital assets	4,495,966	227,616	-	(2,387,487)	2,336,095
Depreciable capital assets:					
Infrastructure	58,824,043			2,387,487	61,211,530
Buildings	5,634,558				5,634,558
Improvements other than buildings	1,567,103				1,567,103
Mobile equipment	3,697,984	6,600			3,704,584
Furniture and equipment	1,382,383				1,382,383
Leased property under capital leases	384,199				384,199
Total depreciable capital assets	71,490,270	6,600	-	2,387,487	73,884,357
Less accumulated depreciation for:					
Infrastructure	38,894,389	285,845			39,180,234
Buildings	2,020,700	82,988			2,103,688
Improvements other than buildings	450,643	62,684			513,327
Mobile equipment	2,862,969	108,809			2,971,778
Furniture and equipment	1,120,426	94,363			1,214,789
Leased property under capital leases	182,204	80,637			262,841
Total accumulated depreciation	45,531,331	715,326	-	-	46,246,657
Total depreciable capital assets, net	25,958,939	(708,726)	-	2,387,487	27,637,700
Governmental activities capital assets, net	\$ 30,454,905	(481,110)	-	-	29,973,795

\*Adjustments made are to reclassify completed construction in progress to infrastructure.

Depreciation expense was charge to the following functions:

Governmental Activities:	
General Government	\$ 784
Public Safety	121,512
Public Works	547,112
Health and Welfare	35,297
Culture & Recreation	10,621
Total governmental activities depreciation expense	\$ 715,326

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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>
State aid road infrastructure	\$ Undetermined	Undetermined

**HUMPHREYS COUNTY COMPONENT UNIT – Humphreys County Library System**

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

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2016</u>
Depreciable capital assets:					
Library collection	\$ 362,277	4,473			366,750
Total depreciable capital assets	<u>362,277</u>	<u>4,473</u>	<u>-</u>	<u>-</u>	<u>366,750</u>
Less accumulated depreciation for:					
Library collection	355,501	3,791			359,292
Total accumulated depreciation	<u>355,501</u>	<u>3,791</u>	<u>-</u>	<u>-</u>	<u>359,292</u>
Total depreciable capital assets, net	<u>\$ 6,776</u>	<u>682</u>	<u>-</u>	<u>-</u>	<u>7,458</u>

Depreciation expense above is charged to the governmental activities function of Operations.

**NOTE 8 – CLAIMS AND JUDGMENTS.**

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

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal years 2015 and 2016:

	<u>2015</u>	<u>2016</u>
Unpaid claims, Beginning of Fiscal Year	(110,320)	(68,643)
Plus: Incurred Claims (including IBNRs)	944,474	701,903
Less: Claims Payments	<u>(902,797)</u>	<u>(689,737)</u>
Unpaid claims, End of Fiscal Year	<u><u>(68,643)</u></u>	<u><u>(56,477)</u></u>

**NOTE 9 – CAPITAL LEASES.**

As Lessee

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 384,199
Less: Depreciation	<u>(262,841)</u>
Leased Property Under Capital Leases	<u><u>\$ 121,358</u></u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	141,929	2,379
2018	35,821	1,183
2019	<u>15,288</u>	<u>130</u>
Total	<u><u>\$ 193,038</u></u>	<u><u>3,692</u></u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).**

Plan Description

The Humphreys County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Humphreys County Board of Supervisors. The County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the county is exposed. The County has reinsurance which functions on a specific stop loss coverage of \$50,000. After which, the County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as an agent multiple-employer health care plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The County does not issue a publicly available financial report for the Plan.

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

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

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$357,584, \$356,783, and \$355,196, respectively, equal to the required contributions for each year.

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

At September 30, 2016 the County reported a liability of \$6,305,461 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was 0.0353 percent, which was based on a measurement date of June 30, 2016. This was a decrease of 0.0009 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$920,612. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 158,475	
Net difference between projected and actual earnings on investments	743,824	
Changes of assumptions	304,832	16,756
Changes in the proportion and differences between County contributions and proportionate share contributions	84,184	105,202
County Contributions subsequent to the measurement date	91,480	
	<u>\$ 1,382,795</u>	<u>121,958</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

The \$91,480 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Inflows Aging:	
Year ending September 30:	Amount
2017	\$ 456,610
2018	384,789
2019	203,392
2020	124,566
Total	<u>\$ 1,169,357</u>

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

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

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

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

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



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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%
	100.00%	

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

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	<u>\$ 8,085,015</u>	<u>\$ 6,305,461</u>	<u>\$ 4,829,009</u>

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

**HUMPHREYS COUNTY COMPONENT UNIT – Humphreys County Library System**

Plan Description. The Humphreys County Library contributes to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Library's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015, and 2014 were \$9,704, \$9,251 and \$9,313, respectively, equal to the required contributions for each year.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**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 Library reported a liability of \$162,905 for its proportionate share of the net pension liability. At June 30, 2016, the Library's proportion was 0.000912 percent.

For the year ended September 30, 2016, the System recognized pension expense of \$20,399. At September 30, 2016 the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,088	
Net difference between projected and actual earnings on investments	19,188	
Changes of assumptions	7,840	433
Changes in the proportion and differences between County contributions and proportionate share contributions		5,909
County Contributions subsequent to the measurement date	<u>2,426</u>	
	<u>\$ 33,542</u>	<u>6,342</u>

The \$2,426 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows/Deferred Inflows Aging:	
Year ending September 30:	Amount
2017	\$ 8,542
2018	7,659
2019	5,354
2020	<u>3,219</u>
Total	<u>\$ 24,774</u>

*Sensitivity to the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	<u>\$ 208,882</u>	<u>162,905</u>	<u>124,761</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 12 – LONG TERM DEBT**

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds			
2006 GO Refunding Bonds	\$ 235,000	4.0	05-17
2010 GO Bond Cap. Improvements	550,000	3.8	05-20
2014 GO Bond Public Improvements	1,010,000	2.1-3.0	05-24
2015 GO Bond Non-Capital	1,400,000	2.98	06-23
Total General Obligation Bonds	<u>\$ 3,195,000</u>		
B. Capital Leases:			
Sheriff office vehicles	\$ 85,735	2.59	02-19
2012 Volvo Motor grader	107,303	1.96	08-16
Total Capital Leases	<u>\$ 193,038</u>		
C. Other Loans:			
Health Complex	\$ 333,031	4.75	12-29
Kubota	4,872	3.75	04-17
Total Other Loans	<u>\$ 337,903</u>		

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

Governmental Activities:				
	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending September 30				
2017	450,000	97,487	22,615	14,154
2018	398,000	81,525	18,519	13,400
2019	412,000	69,440	19,330	12,613
2020	426,000	56,711	20,175	11,791
2021	442,000	43,601	21,058	10,934
2022-2026	1,067,000	47,963	119,941	40,435
2027-2030			116,265	12,617
Total	<u>\$ 3,195,000</u>	<u>396,727</u>	<u>337,903</u>	<u>115,944</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

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 counties issue 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 4.71% 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	\$ 44,464		10,524		33,940	-
Other loans	363,135		25,232		337,903	22,615
General obligation bonds	3,695,000		500,000		3,195,000	450,000
Capital leases	243,275		50,237		193,038	141,929
Total	<u>\$ 4,345,874</u>	<u>-</u>	<u>585,993</u>	<u>-</u>	<u>3,759,881</u>	<u>614,544</u>

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Maintenance District Funds, Garbage and Solid Waste Fund and E-911 Fund.

**NOTE 13 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.**

The following fund reported a deficit in fund balance at September 30, 2016:

	Deficit Amount
Solid Waste Fund	\$ 34,562

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 14 – CONTINGENCIES.**

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purpose. 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 statement.

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 this and other 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.

**NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

The governmental activities' unrestricted net position deficit amount of \$(5,612,708) 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 \$91,480 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 \$1,291,315 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 \$121,958 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

**NOTE 16 – JOINT VENTURE.**

The County participates in the following joint venture:

The North Central Task Force consists of Carroll, Claiborne, Grenada, Holmes, Humphreys, Leflore, Quitman and Tunica Counties and the Cities of Itta Bena and Port Gibson. It is a multi-jurisdictional drug enforcement task force established to provide more widespread apprehension and possession of violators. The County did not appropriate any funds for support of the task force in fiscal year 2016.

**NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$152,110 for maintenance and support of the college in fiscal year 2016.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Humphreys County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$23,200 to the entity in fiscal year 2016.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints one of the 22 members of the district board of directors. The County appropriated \$3,867 for the support of the district 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 Humphreys County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County appropriated \$45,446 for support of the district in fiscal year 2016.

**NOTE 18 – SUBSEQUENT EVENTS.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Humphreys County evaluated the activity of the County through April 12, 2019 (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements.

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>
11-2016	1.40-2.00%	\$ 668,000	General Obligation Note
02-2017	2.45%	102,979	Capital Lease

## **HUMPHREYS COUNTY**

### **REQUIRED SUPPLEMENTARY INFORMATION**

**HUMPHREYS COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 4,094,000	4,925,057	4,925,057	-
Licenses, commissions and other revenue	93,200	113,419	113,419	-
Fines and forfeitures	102,000	137,700	137,700	-
Intergovernmental revenues	377,000	309,749	309,749	-
Charges for services	20,000	8,580	8,580	-
Interest income	8,000	8,296	8,296	-
Miscellaneous revenues	172,000	193,821	193,821	-
Total Revenues	<u>4,866,200</u>	<u>5,696,622</u>	<u>5,696,622</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,319,540	3,429,658	3,429,658	-
Public safety	1,143,850	1,155,965	1,155,965	-
Public works	-	-	-	-
Health and welfare	73,000	79,507	79,507	-
Culture and recreation	40,000	42,500	42,500	-
Conservation of natural resources	140,450	117,811	117,811	-
Economic development and assistance	15,867	2,000	2,000	-
Debt Service	54,000	270,966	270,966	-
Total Expenditures	<u>4,786,707</u>	<u>5,098,407</u>	<u>5,098,407</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>79,493</u>	<u>598,215</u>	<u>598,215</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	-	-	-	-
Other financing uses	(50,000)	(356,314)	(356,314)	-
Total Other Financing Sources and Uses	<u>(50,000)</u>	<u>(356,314)</u>	<u>(356,314)</u>	<u>-</u>
Net Change in Fund Balance	29,493	241,901	241,901	-
Fund Balance - Beginning	<u>(2,825,868)</u>	<u>(2,451,471)</u>	<u>(2,451,471)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (2,796,375)</u>	<u>(2,209,570)</u>	<u>(2,209,570)</u>	<u>-</u>

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



**HUMPHREYS COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**District 3 Road Fund**  
**For the Year Ended September 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 60,000	69,274	69,274	-
Road and bridge privilege taxes	15,000	16,588	16,588	
Intergovernmental revenues	107,300	121,274	121,274	-
Interest income		2,833	2,833	-
Miscellaneous revenues		150	150	-
Total Revenues	<u>182,300</u>	<u>210,119</u>	<u>210,119</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Public works	222,300	254,513	254,513	-
Debt Service	<u>10,000</u>	<u>9,299</u>	<u>9,299</u>	<u>-</u>
Total Expenditures	<u>232,300</u>	<u>263,812</u>	<u>263,812</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(50,000)</u>	<u>(53,693)</u>	<u>(53,693)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	-	-	-	-
Other financing uses		-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(50,000)	(53,693)	(53,693)	-
Fund Balance - Beginning	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>(3,693)</u>	<u>(3,693)</u>	<u>-</u>

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

**HUMPHREYS COUNTY**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)**  
**Fire Protection Fund**  
**For the Year Ended September 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 36,500	37,067	37,067	-
Intergovernmental revenues	33,300	38,461	38,461	-
Total Revenues	<u>69,800</u>	<u>75,528</u>	<u>75,528</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	<u>69,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>69,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>75,528</u>	<u>75,528</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	-	-	-
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	75,528	75,528	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>75,528</u>	<u>75,528</u>	<u>-</u>

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

**HUMPHREYS COUNTY**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2016**

<b>COUNTY</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset)	0.0353%	0.0362%	0.0347%
County's proportionate share of the net pension liability (asset)	\$ 6,305,461	\$ 5,595,806	\$ 4,211,945
County's covered payroll	2,255,494	2,265,291	2,128,229
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.56%	247.02%	197.91%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

<b>HUMPHREYS COUNTY LIBRARY</b>	<b>2016</b>	<b>2015</b>
Library's proportion of the net pension liability (asset)	0.000912%	0.000931%
Library's proportionate share of the net pension liability (asset)	\$ 162,905	\$ 139,122
Library's covered payroll	58,311	59,130
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.37%	235.28%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

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

**HUMPHREYS COUNTY**  
**Schedule of Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2016**

<b>COUNTY</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 357,584	\$ 356,783
Contributions in relation to the contractually required contribution	357,584	356,783
Contribution deficiency (excess)	-	-
County's covered payroll	\$ 2,270,366	\$ 2,265,291
Contributions as a percentage of covered payroll	15.75%	15.75%
 <b>HUMPHREYS COUNTY LIBRARY</b>	 <b>2016</b>	 <b>2015</b>
Contractually required contribution	\$ 9,704	\$ 9,251
Contributions in relation to the contractually required contribution	9,704	9,251
Contribution deficiency (excess)	-	-
Library's covered payroll	\$ 61,613	\$ 58,737
Contributions as a percentage of covered payroll	15.75%	15.75%

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

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2016**

**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, 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 Budget 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:

	<u>General Fund</u>	<u>District 3 Road Fund</u>	<u>Fire Protection Fund</u>
Budget (Cash Basis)	\$ 241,901	(53,693)	75,528
Increase (Decrease)			
Net adjustments for revenue accruals	(1,446)	(136)	(3)
Net adjustments for expenditure accruals	(117,451)	(11,878)	
GAAP Basis	<u>\$ 123,004</u>	<u>(65,707)</u>	<u>75,525</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2016**

**Pension Schedules**

**A. 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%.

**B. 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.

## **HUMPHREYS COUNTY**

## **OTHER INFORMATION**

**HUMPHREYS COUNTY**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2016**  
**“Unaudited”**

<b>Name</b>	<b>Position</b>	<b>Surety Company</b>	<b>Bond Amount</b>
Claven Jones	Supervisor District 1	Western Surety	100,000
R. D. Stevens	Supervisor District 2	Western Surety	100,000
Willie F. Brown	Supervisor District 3	Western Surety	100,000
Jerry Wood	Supervisor District 4	Western Surety	100,000
Roy Broomfield	Supervisor District 5	CNA Surety	100,000
Thomas L. Goodwin	County Administrator	Western Surety	100,000
Lawrence Browder	Chancery Clerk	Western Surety	200,000
Shavon Ellis	Chancery Deputy Clerk	Western Surety	10,000
Mary Norris	Chancery Deputy Clerk	Western Surety	50,000
Timaka James Jones	Circuit Clerk	Western Surety	100,000
Sharon Neal - Deputy	Circuit Deputy Clerk	Western Surety	50,000
Vernetta Washington	Circuit Deputy Clerk	Western Surety	50,000
Lawrence Browder	Purchase Clerk	Western Surety	75,000
Mary Norris	Asst. Purchase Clerk	Western Surety	25,000
Calvin Ball	Receiving Clerk	Western Surety	75,000
Gail F. Hood	Asst. Receiving Clerk	Travelers	50,000
Latoya Smith	Inventory Control Clerk	Travelers	75,000
J. D. Roseman	Sheriff	Western Surety	100,000
Marty Hardin	Constable - North	Travelers	25,000
Andrew Dent	Constable - South	Travelers	25,000
Sandra Overton	Justice Court Clerk	Travelers	50,000
Marva Gibson	Justice Court Clerk	Travelers	50,000
Akeitha L. Smith	Justice Court Clerk	Travelers	50,000
Mary Norris-Hart	Justice Court Judge	Western Surety	50,000
Shirley Brown Cummings	Justice Court Judge	Western Surety	50,000
Margaret Parks	Tax Collector/Assessor	Western Surety	100,000
Margaret Parks	Tax Collector/Assessor	Western Surety	10,000
Schardell Little	Tax Collector/Assessor- Deputy	Travelers	50,000
Doretha Ann Shanklin	Tax Collector/Assessor- Deputy	Travelers	50,000
Patricia Johnson	Tax Collector/Assessor- Deputy	Western Surety	50,000
Angelia Fontenot	Tax Collector/Assessor- Deputy	Western Surety	50,000
April Morgan	Tax Collector/Assessor- Deputy	Western Surety	50,000
Alicia Toler	Tax Collector/Assessor- Deputy	Western Surety	50,000



## **HUMPHREYS COUNTY**

### **SPECIAL REPORTS**

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors  
Humphreys County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Humphreys 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, and have issued our report thereon dated April 12, 2019. This report is qualified on the governmental activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. We did not audit the financial statements of the Humphreys County Library, component unit which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Humphreys 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 Humphreys 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 Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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 Responses 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 Responses as 2016-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Humphreys 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*.

However, we noted certain matters that we reported to the management of Humphreys County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 12, 2019, included within this document.

### **Humphreys County's Responses to Findings**

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

## **Purpose of this Report**

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

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

April 12, 2019

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors  
Humphreys County, Mississippi

We have examined Humphreys County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Humphreys County, Mississippi is responsible for 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 Humphreys County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

## Inventory Control Clerk.

### Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions. As reported in the prior year's audit report, the subsidiary records did not include all additions and deletions of capital assets. The Inventory Control Clerk did not record additions of \$234,216 to capital assets as required.

### Recommendation

To comply with the requirements established by law for the inventory control system, the Inventory Control Clerk should record additions and deletions in the capital asset subsidiary records. Those responsible should review these requirements and ensure adherence.

### Inventory Control Clerk's Response

We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Humphreys County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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

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

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

April 12, 2019

**HUMPHREYS COUNTY**

**Schedule 1**

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

Our tests did not identify any purchases not made from the lowest bidder.

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

**Schedule 2**

Our tests did not identify any emergency purchases.



**HUMPHREYS COUNTY**

**Schedule 3**

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

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

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Humphreys County, Mississippi

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

In addition, for areas not considered material to Humphreys County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 12, 2019, on the financial statements of Humphreys 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 certain instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

## **Board of Supervisors**

### **1. Deficit fund balances**

#### Finding

As reported in the prior audit reports, the County had deficit fund balances. A deficit fund balance of \$34,562 existed in the Garbage and Solid Waste Fund

#### Recommendation

The Board of Supervisors should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.

#### Board of Supervisors' Response

The Board of Supervisors has been working diligently to reduce the deficit fund balance. We will take the appropriate actions to reduce deficit.

### **2. Allocation of interest**

#### Finding

As reported in prior audit reports, interest earned on checking account monies is discretely allocated to funds which makeup the General County investment account.

#### Recommendation

Interest earned should be allocated to all funds that makeup the General County investment account based on its proportionate share of the account balance.

#### Board of Supervisors' Response

The Board of Supervisors will comply with the recommendation.

## **Chancery Clerk**

### **1. Amounts due in excess of the salary limitation**

#### Finding

Title 9, Chapter 1, Section 43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 for the preceding calendar year. The Chancery Clerk has exceeded the salary limitation for the 2014, 2015 and 2016 calendar year. The clerk did not settle the 2014 (\$27,514), 2015 (\$18,139) and 2016 (\$43,045) amounts due to the county.

#### Recommendation

Amounts in excess of the salary limitation should be paid to the county.

#### Chancery Clerk's Response

I will make arrangements to pay back the excess salary.

#### Auditor's Note

These amounts have not been paid to the County. This matter will be referred to the Office of the State Auditor.

2. Unsettled court fees due the County and State

#### Finding

As previously reported, during our review of the clerk's annual accounting ledgers, it came to our attention that the clerk had not settled fees due the county and state. These fees are derived from assessments made by courts for which the clerk provides services. As of December 31, 2016, the amount owed to the state and county for these assessments was \$103,659.

#### Recommendation

The clerk should settle all court fees on a timely basis. The fees should be settled the month following receipt of the fees if possible.

#### Chancery Clerk's Response

I will comply.

#### Auditor's Note

These amounts have not been settled. This matter will be referred to the Office of the State Auditor.

3. The Chancery Clerk was unable to provide support for expenses on the annual financial report.

#### Finding

The Chancery Clerk claimed \$11,998 in expenses in 2016 for which the clerk could not provide supporting documentation.

#### Recommendation

The Chancery Clerk should maintain adequate documentation for expenses claimed on the annual financial report. The Chancery Clerk should also pay the amount of the \$11,998 in expenses for which there was no supporting documentation to the county as this will increase the amount that the Chancery Clerk exceeded the salary cap for the 2016 calendar year.

#### Chancery Clerk's Response

I will comply.

#### Auditor's Note

This amount has not been paid to the County. This matter will be referred to the Office of the State Auditor.

#### 4. Record maintenance

##### Finding

During our audit, we noted instances of inadequate controls over the maintenance of records in the Chancery Clerk's office.

##### Recommendation

The Chancery Clerk should establish an effective system for maintaining accounting records.

##### Chancery Clerk's Response

I will comply.

Humphreys County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

April 12, 2019

## **HUMPHREYS COUNTY**

### **SCHEDULE OF FINDINGS AND RESPONSES**

## HUMPHREYS COUNTY

### Schedule of Findings and Responses 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:

Governmental activities	Qualified
Aggregate discretely presented component units	Unmodified
General Fund	Unmodified
District 3 Road Fund	Unmodified
Fire Protection Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a. Material weakness identified?	Yes
b. Significant deficiency identified?	Yes

3. Noncompliance material to the financial statements? No

#### Section 2: Financial Statement Findings

##### **Board of Supervisors.**

##### **Material Weakness**

**2016-001.** The County does not record a liability for other postemployment benefits in the governmental activities.

**Repeat Finding** Yes

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

**Condition** GASB Statement No. 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits. However, the County

## HUMPHREYS COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2016

	has not recorded a liability for other postemployment benefits, nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.
<b>Cause</b>	The County does not have an actuarial valuation performed annually so that a liability for other postemployment benefits could be recorded.
<b>Effect</b>	The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities.
<b>Recommendation</b>	The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
<b>Response</b>	We will comply.

#### Inventory Control Clerk.

##### Significant Deficiency

<b>2016-002.</b>	<u>The Inventory Control Clerk did not record capital asset additions and deletions.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls over capital assets should include proper recording of additions and deletions.
<b>Condition</b>	The Inventory Control Clerk did not record additions and deletions to capital asset records.
<b>Cause</b>	The Inventory Control Clerk did not follow the best practice guidelines as described in the Mississippi County Financial Accounting Manual.
<b>Effect</b>	Failure to record capital asset additions and deletions could result in the loss of capital assets and inaccurate financial statements.
<b>Recommendation</b>	To achieve the objectives of the systems and account for capital asset additions and deletions, the Inventory Control Clerk should follow the best practice guidelines as described in the Mississippi County Financial Accounting Manual.
<b>Response</b>	We will comply.