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PANOLA COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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PANOLA COUNTY, MISSISSIPPI

FINANCIAL SECTION



The Dwight L. Young Group

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Panola County
Batesville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panola 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 basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Panola County, Mississippi, as of September 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Panola County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola County, Mississippi's basic financial statements.

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 January 8, 2018, on our consideration of Panola County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panola County, Mississippi's internal control over financial reporting and compliance.

The Dwight L. Young Group

Oxford, Mississippi
January 8, 2018

PANOLA COUNTY, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

INTRODUCTION

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

Panola County is located in northwest Mississippi. The population, according to the current census, is currently estimated at 34,444. The local economic base is driven by manufacturing plants.

FINANCIAL HIGHLIGHTS

Panola County is financially strong. The Panola County Board of Supervisors has committed itself to financial excellence by using sound financial planning, budgeting and strong internal controls.

Panola County continues to show excellent growth economically and the population remains stable. Strong growth has allowed the County to meet its financial obligations.

Total net position decreased \$10,367 which represents a 0.02% decrease from the prior fiscal year. The County's ending cash balance increased by \$1,307,623 which represents a 7.66% increase from the prior fiscal year.

The County had \$23,551,708 in total revenues, which represents a \$985,152 or 4.37% increase from the prior fiscal year. Property tax revenues account for \$13,652,537 or 57.97% of total revenues.

The County had \$23,594,275 in total expenses, which represents an increase of \$1,831,495 or 8.42% decrease from the prior fiscal year.

Among major funds, the General Fund had \$11,462,425 in revenues and \$11,332,843 in expenditures. The ending cash balance for the General Fund decreased \$57,447 or 0.60% from the prior fiscal year. The

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Countywide Road Fund had \$4,596,091 in revenues and \$7,497,786 in expenditures. The Countywide Road Fund's ending cash balance decreased \$208,598 or 10.66% from the prior fiscal year. The Bridge Fund had \$1,683,416 in revenues and \$1,990,939 in expenditures. The Bridge Fund's cash balance decreased \$390,455 or 13.32% from the prior year.

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

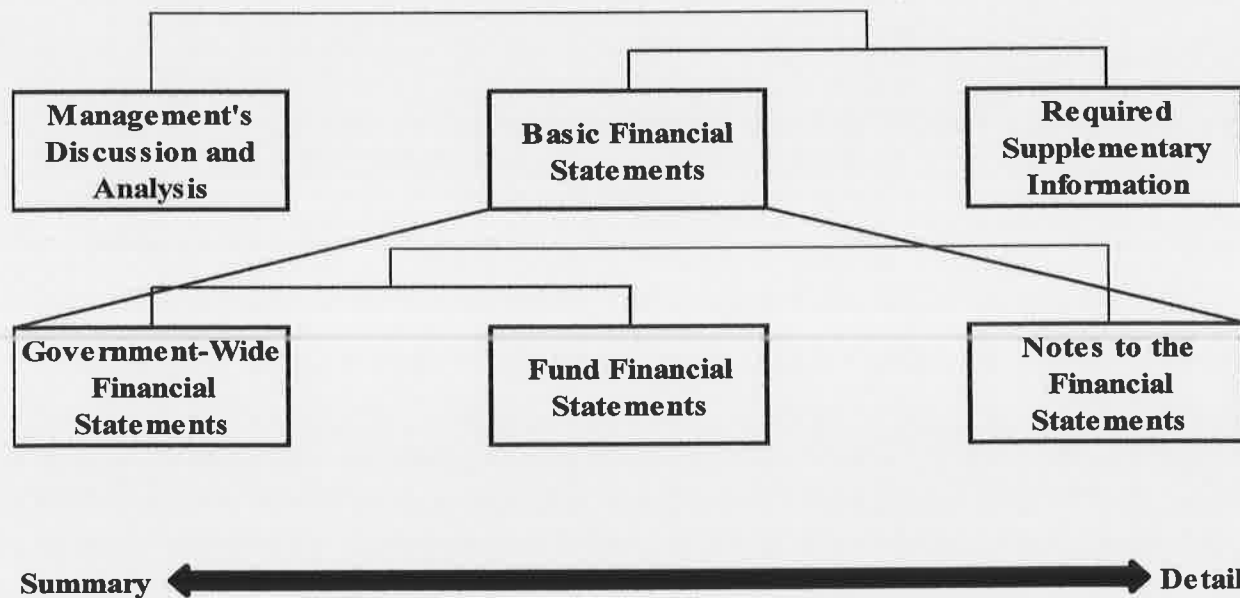


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County Government (except fiduciary funds) and Component Units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows 	<ul style="list-style-type: none"> Statement of Fiduciary Assets and Liabilities
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resources Focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital and Short and Long Term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of Inflow/Outflow Information	All Revenues and Expenses During Year, Regardless of when Cash is Received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; and interest on long-term debt. The business-type activities of the County include solid waste collection.

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

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service and capital projects funds.

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

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

Proprietary Funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Garbage Collection Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County does not use any internal service funds.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Garbage Collection Fund is considered to be a major fund of the County.

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Fiduciary Funds are used to account for resources held for the benefit of parties outside the county government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary assets and liabilities are presented in a separate Statement of Fiduciary Assets and Liabilities.

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process. The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net Position may serve over time as a useful indicator of a government's financial position. In the case of Panola County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,288,880 as of September 30, 2016. This is a decrease of \$10,367 or 0.02% when compared to the prior fiscal year. The decrease was caused by the requirement that net pension liability be shown on the Statement of Net Position. The liability is for \$19,242,911.

One of the largest portions of the County's net position, \$51,983,492 or 109.93% of total net position, reflects its net investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Government Funds - At the close of the current fiscal year, Panola County's governmental funds reported a combined fund balance of \$16,440,834, an increase of \$1,066,709 or 6.94% from the prior fiscal year adjusted.

Business-type Funds - Operating Revenue from the County's Garbage Collection Fund increased by 11.89% to \$2,553,505 and Operating Expenses increased by 12.52% to \$2,573,921. Nonoperating Revenues (Expenses) decreased by 140.84% to \$(33,637).

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2016, Panola County's total capital assets were \$145,849,993. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$3,600,299 or 2.53%.

Total accumulated depreciation as of September 30, 2016, was \$87,472,022. The balance in total net capital assets was \$58,377,971 at year end.

Debt Administration - At September 30, 2016, Panola County had \$12,998,081 in long-term debt outstanding. Panola County maintains an "A" bond rating from Standard and Poors. The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below the 15% limit at 2.30%.

PANOLA COUNTY, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's office at the Panola County Chancery Building, 151 Public Square, Batesville, Mississippi 38606, or call 662-563-6200.

PANOLA COUNTY, MISSISSIPPI

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016

Exhibit 1

<u>ASSETS</u>	<u>PRIMARY GOVERNMENT</u>		<u>TOTAL</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	
Cash	\$18,194,729	\$ 170,304	\$18,365,033
Investments	70,717	-0-	70,717
Property Tax Receivable	11,362,233	-0-	11,362,233
Accounts Receivable (Net of Allowance For Uncollectibles of \$4,692,605)	-0-	262,599	262,599
Fines Receivable (Net of Allowance For Uncollectibles of \$2,094,268)	103,265	-0-	103,265
Intergovernmental Receivables	343,483	7,528	351,011
Other Receivables	59,615	6,227	65,842
Internal Balances	13,032	(13,032)	-0-
Capital Assets:			
Land and Construction in Progress	1,927,234	-0-	1,927,234
Other Capital Assets, Net	53,925,415	2,525,322	56,450,737
TOTAL ASSETS	85,999,723	2,958,948	88,958,671
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount of Refunding	477,698	-0-	477,698
Deferred Amount Related to Pensions	3,765,771	294,445	4,060,216
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,243,469	294,445	4,537,914
 <u>LIABILITIES</u>			
Claims Payable	1,057,645	192,641	1,250,286
Intergovernmental Payables	994,558	153	994,711
Accrued Interest Payable	35,430	-0-	35,430
Amounts Held in Custody for Others	188,539	-0-	188,539
Long-term Liabilities			
Due within one year:			
Capital Debt	719,707	540,663	1,260,370
Non-capital Debt	919,251	-0-	919,251
Due in more than one year:			
Capital Debt	4,112,477	1,499,330	5,611,807
Non-capital Debt	5,182,307	24,346	5,206,653
Net Pension Liability	17,809,158	1,433,753	19,242,911
TOTAL LIABILITIES	31,019,072	3,690,886	34,709,958

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2016

Exhibit 1

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Tax for Future Reporting Period	\$11,362,233	\$ -0-	\$11,362,233
Unearned Revenue for Future Reporting Period	-0-	135,514	135,514
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>11,362,233</u>	<u>135,514</u>	<u>11,497,747</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	51,498,163	485,329	51,983,492
Restricted:			
Expendable:			
General Government	2,482,007	-0-	2,482,007
Debt Service	494,395	-0-	494,395
Public Safety	850,178	-0-	850,178
Public Works	4,095,798	(1,058,336)	3,037,462
Economic Development	464,100	-0-	464,100
Unemployment Compensation	26,319	-0-	26,319
Unrestricted	(12,049,073)	-0-	(12,049,073)
TOTAL NET POSITION	<u>\$47,861,887</u>	<u>\$ (573,007)</u>	<u>\$47,288,880</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Exhibit 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN				
	EXPENSES	CHARGES FOR SERVICES	OPERATING		NET POSITION				
			GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		
Primary Government:									
Governmental Activities:									
General Government	\$ 4,671,483	\$ 861,791	\$ 80,368	\$ -0-	\$ (3,729,324)	\$ -0-	\$ (3,729,324)		
Public Safety	6,096,062	1,030,334	249,415	55,031	(4,761,282)	-0-	(4,761,282)		
Public Works	6,613,504	-0-	1,777,885	597,027	(4,238,592)	-0-	(4,238,592)		
Health and Welfare	261,178	-0-	56,242	-0-	(204,936)	-0-	(204,936)		
Culture and Recreation	32,238	-0-	-0-	-0-	(32,238)	-0-	(32,238)		
Education	10,000	-0-	-0-	-0-	(10,000)	-0-	(10,000)		
Conservation of Natural Resources	94,065	-0-	-0-	-0-	(94,065)	-0-	(94,065)		
Economic Development and Assistance	244,152	-0-	-0-	-0-	(244,152)	-0-	(244,152)		
Interest on Long-term Debt	322,876	-0-	-0-	-0-	(322,876)	-0-	(322,876)		
Pension Expense	2,639,588	-0-	-0-	-0-	(2,639,588)	-0-	(2,639,588)		
Total Gov't Activities	20,985,146	1,892,125	2,163,910	652,058	(16,277,053)	-0-	(16,277,053)		
Business-Type Activities:									
Solid Waste	2,609,129	2,321,046	-0-	26,434	-0-	(261,649)	(261,649)		
Total Business-Type Activities	2,609,129	2,321,046	-0-	26,434	-0-	(261,649)	(261,649)		
Total Primary Gov't	\$23,594,275	\$ 4,213,171	\$2,163,910	\$ 678,492	(16,277,053)	(261,649)	(16,538,702)		

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Exhibit 2

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET POSITION			
	EXPENSES	CHARGES FOR	CAPITAL	GOVERNMENTAL	PRIMARY GOVERNMENT		
		SERVICES	GRANTS AND		ACTIVITIES	BUSINESS-TYPE	ACTIVITIES
GENERAL REVENUES:							
Property Taxes				\$13,652,537	\$	0	\$13,652,537
Road and Bridge Privilege Taxes				544,753		0	544,753
Grants and Contributions not Restricted to Specific Programs				613,985		0	613,985
Unrestricted Interest Income				54,994		822	55,816
Miscellaneous				1,422,270		206,774	1,629,044
Total General Revenues and Transfers				16,288,539		207,596	16,496,135
Changes in Net Position				11,486		(54,053)	(42,567)
Net Position - Beginning, as previously reported				47,818,201		(518,954)	47,299,247
Prior Period Adjustments				32,200		-0-	32,200
Net Position - Beginning, as restated				47,850,401		(518,954)	47,331,447
Net Position - Ending				\$47,861,887		\$ (573,007)	\$47,288,880

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

Exhibit 3

	<u>MAJOR FUNDS</u>					
	<u>COUNTYWIDE</u>			<u>OTHER</u>	<u>TOTAL</u>	
	<u>GENERAL</u>	<u>ROAD</u>	<u>BRIDGE</u>	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>	
	<u>FUND</u>	<u>MAINTENANCE</u>	<u>FUND</u>	<u>FUNDS</u>	<u>FUNDS</u>	
<u>ASSETS</u>						
Cash	\$ 9,463,084	\$ 1,747,719	\$ 2,541,146	\$ 4,442,780	\$18,194,729	
Investments	-0-	-0-	-0-	70,717	70,717	
Property Tax Receivable	7,324,284	1,646,853	1,357,739	1,033,357	11,362,233	
Fines Receivable (Net of Allowance for Uncollectibles of \$2,094,268)	103,265	-0-	-0-	-0-	103,265	
Intergov't Receivables	218,606	87,334	-0-	37,543	343,483	
Other Receivables	27,550	1,048	-0-	31,017	59,615	
Due from Other Funds	13,275	107,288	73,367	67,936	261,866	
TOTAL ASSETS	<u>\$17,150,064</u>	<u>\$ 3,590,242</u>	<u>\$ 3,972,252</u>	<u>\$ 5,683,350</u>	<u>\$30,395,908</u>	
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Claims Payable	\$ 298,702	\$ 216,352	\$ 245,161	\$ 297,430	\$ 1,057,645	
Intergov't Payables	993,728	591	-0-	239	994,558	
Due to Other Funds	248,591	-0-	-0-	243	248,834	
Amounts Held in Custody For Others	188,539	-0-	-0-	-0-	188,539	
TOTAL LIABILITIES	<u>1,729,560</u>	<u>216,943</u>	<u>245,161</u>	<u>297,912</u>	<u>2,489,576</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Revenue- Property Taxes	7,324,284	1,646,853	1,357,739	1,033,357	11,362,233	
Unavailable Revenue- Fines	103,265	-0-	-0-	-0-	103,265	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,427,549</u>	<u>1,646,853</u>	<u>1,357,739</u>	<u>1,033,357</u>	<u>11,465,498</u>	

PANOLA COUNTY, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2016

Exhibit 3

	<u>MAJOR FUNDS</u>				
	<u>COUNTYWIDE</u>				
	<u>GENERAL</u>	<u>ROAD</u>	<u>BRIDGE</u>	<u>OTHER</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>MAINTENANCE</u>	<u>FUND</u>	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>
		<u>FUND</u>		<u>FUNDS</u>	<u>FUNDS</u>
FUND BALANCES:					
Restricted for:					
General Government	-0-	-0-	-0-	401,494	401,494
Public Safety	-0-	-0-	-0-	850,178	850,178
Public Works	-0-	1,726,446	2,369,352	-0-	4,095,798
Economic Development					
And Assistance	-0-	-0-	-0-	464,100	464,100
Debt Service	-0-	-0-	-0-	529,825	529,825
Unemployment Comp.	-0-	-0-	-0-	26,319	26,319
Assigned for:					
General Government	-0-	-0-	-0-	2,080,513	2,080,513
Unassigned	<u>7,992,955</u>	<u>-0-</u>	<u>-0-</u>	<u>(348)</u>	<u>7,992,607</u>
TOTAL FUND BALANCES	<u>7,992,955</u>	<u>1,726,446</u>	<u>2,369,352</u>	<u>4,352,081</u>	<u>16,440,834</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$17,150,064</u>	 <u>\$ 3,590,242</u>	 <u>\$ 3,972,252</u>	 <u>\$ 5,683,350</u>	 <u>\$30,395,908</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

Exhibit 3-1

Total Fund Balance-Governmental Funds	\$16,440,834
Amounts reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$86,563,062.	55,852,649
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(10,933,742)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	103,265
Deferred amount on refunding bonds is not reported in The funds.	477,698
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(35,430)
Pension obligations are not due and payable in the current Period and, therefore are not reported in the funds.	(17,809,158)
Deferred outflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	<u>3,765,771</u>
Total Net Position - Governmental Activities	<u>\$47,861,887</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

Exhibit 4

	<u>MAJOR FUNDS</u>					
	<u>COUNTYWIDE</u>					
	<u>GENERAL</u>	<u>ROAD</u>	<u>BRIDGE</u>	<u>OTHER</u>	<u>TOTAL</u>	
	<u>FUND</u>	<u>MAINTENANCE</u>	<u>FUND</u>	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>	
		<u>FUND</u>		<u>FUNDS</u>	<u>FUNDS</u>	
<u>REVENUES</u>						
Property Taxes	\$ 8,892,937	\$ 1,603,535	\$ 1,673,188	\$ 1,485,010	\$13,654,670	
Road and Bridge						
Privilege Taxes	-0-	544,753	-0-	-0-	544,753	
Licenses, Commissions,						
& Other Revenue	565,125	-0-	-0-	7,407	572,532	
Fines & Forfeitures	324,194	-0-	-0-	24,411	348,605	
Intergov't Revenues	792,268	2,400,069	-0-	237,616	3,429,953	
Charges for Services	531,168	-0-	-0-	440,473	971,641	
Interest Income	28,936	6,175	10,228	9,655	54,994	
Miscellaneous Revenue	327,797	41,559	-0-	466,156	835,512	
TOTAL REVENUES	<u>11,462,425</u>	<u>4,596,091</u>	<u>1,683,416</u>	<u>2,670,728</u>	<u>20,412,660</u>	
<u>EXPENDITURES</u>						
Current:						
General Government	4,875,673	-0-	-0-	115,924	4,991,597	
Public Safety	5,684,942	-0-	-0-	1,238,280	6,923,222	
Public Works	90,875	6,479,128	1,720,426	817,655	9,108,084	
Health & Welfare	220,450	-0-	-0-	4,000	224,450	
Culture & Recreation	32,238	-0-	-0-	-0-	32,238	
Education	10,000	-0-	-0-	-0-	10,000	
Conservation of						
Natural Resources	99,639	-0-	-0-	-0-	99,639	
Economic Development						
Assistance	233,416	-0-	-0-	9,687	243,103	
Debt Service:						
Principal	82,035	1,008,600	262,851	1,235,752	2,589,238	
Interest	3,575	10,058	7,662	250,970	272,265	
TOTAL EXPENDITURES	<u>11,332,843</u>	<u>7,497,786</u>	<u>1,990,939</u>	<u>3,672,268</u>	<u>24,493,836</u>	
Excess of Revenue Over						
(Under) Expenditures	<u>129,582</u>	<u>(2,901,695)</u>	<u>(307,523)</u>	<u>(1,001,540)</u>	<u>(4,081,176)</u>	

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

Exhibit 4

	<u>MAJOR FUNDS</u>				
	<u>COUNTYWIDE</u>			<u>OTHER</u>	<u>TOTAL</u>
	<u>GENERAL</u>	<u>ROAD</u>	<u>BRIDGE</u>	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>
	<u>FUND</u>	<u>MAINTENANCE</u>	<u>FUND</u>	<u>FUNDS</u>	<u>FUNDS</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Long-term Capital					
Debt Issued	\$ -0-	\$ 1,511,784	\$ -0-	\$ -0-	\$ 1,511,784
Long-term Non Capital					
Debt Issues	-0-	-0-	-0-	2,400,000	2,400,000
Proceeds from Sale					
Of Capital Assets	2,977	1,176,993	-0-	32,131	1,212,101
Transfers In	17,000	-0-	-0-	330,297	347,297
Transfers Out	(246,387)	-0-	-0-	(100,910)	(347,297)
TOTAL OTHER FINANCING					
SOURCES & USES	(226,410)	2,688,777	-0-	2,661,518	5,123,885
NET CHANGES IN FUND					
BALANCES	(96,828)	(212,918)	(307,523)	1,659,978	1,042,709
Fund Balance-Beginning	8,089,783	1,939,364	2,676,875	2,668,103	15,374,125
Prior Period Adjustments	-0-	-0-	-0-	24,000	24,000
Fund Balance-Restated	8,089,783	1,939,364	2,676,875	2,692,103	15,398,125
Fund Balances-Ending	<u>\$ 7,992,955</u>	<u>\$ 1,726,446</u>	<u>\$ 2,369,352</u>	<u>\$ 4,352,081</u>	<u>\$16,440,834</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
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

Exhibit 4-1

Net Changes in Fund Balances - Government Funds \$1,042,709

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 fund balances by the amount that capital outlays of \$4,670,029 exceeded depreciation of \$2,070,311 in the current period.

2,599,718

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of net gain of \$571,195 and the proceeds from the sale of \$1,212,101 in the current period,

(640,906)

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.

(653)

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 reduced long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$3,911,784 exceeded debt payments of \$2,589,238 in the current period.

(1,322,546)

PANOLA COUNTY, MISSISSIPPI
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

Exhibit 4-1

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

Recognition of pension expense for the current year	(2,639,588)
Recognition of contributions made subsequent to the measurement	253,766
Recognition of contributions made prior to the Measurement date	764,788

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Change in accrued interest payable	(7,163)
Change in compensated absences	4,809
The amortization of:	
Premium on bonds	4,724
Deferred amount on refunding bonds	<u>(48,172)</u>

Change in Net Position of Governmental Activities	<u>\$ 11,486</u>
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The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2016

Exhibit 5

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUND SOLID WASTE FUND
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 170,304
Accounts Receivable (Net of Allowance for Uncollectibles of \$4,692,605)	262,599
Intergovernmental Receivables	7,528
Other Receivables	6,227
Total Current Assets	<u>446,658</u>
Noncurrent Assets:	
Capital Assets:	
Other Capital Assets, net	2,525,322
Total Noncurrent Assets	<u>2,525,322</u>
Total Assets	<u>2,971,980</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amount Related to Pensions	<u>294,445</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Claims Payable	192,641
Intergovernmental Payables	153
Due to Governmental Funds	13,032
Capital Debt:	
Capital Leases Payable	540,663
Total Current Liabilities	<u>746,489</u>
Noncurrent Liabilities:	
Capital Debt:	
Capital Leases Payable	1,499,330
Non-capital Debt:	
Compensated Absences Payable	24,346
Net Pension Liability	<u>1,433,753</u>
Total Noncurrent Liabilities	<u>2,957,429</u>
Total Liabilities	<u>3,703,918</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned Revenue for Future Reporting Period	<u>135,514</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	485,329
Restricted for Public Works	<u>(1,058,336)</u>
Total Net Position	<u>\$ (573,007)</u>
The accompanying notes are integral part of the financial statements.	

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
For the Year Ended September 30, 2016

Exhibit 6

BUSINESS-TYPE
ACTIVITIES-
ENTERPRISE FUND
SOLID WASTE
FUND

OPERATING REVENUES

Charges for Services	\$ 2,321,046
Intergovernmental Revenues	26,434
Other income	206,025
Total Operating Revenues	2,553,505

OPERATING EXPENSES

Personal Services	697,827
Contractual Services	799,049
Materials and Supplies	474,901
Indirect administrative costs	13,032
Pension Expense	200,967
Depreciation Expense	388,145
Total Operating Expenses	2,573,921

Operating Income (Loss)	(20,416)
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NONOPERATING REVENUES (EXPENSES)

Interest Income	822
Interest Expense	(35,208)
Gain on Sale of Capital Assets	44,555
Loss on Sale of Capital Assets	(43,806)
Net Non-Operating Revenue (Expenses)	(33,637)

Changes in Net Position	(54,053)
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Net Position - Beginning	(518,954)
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Net Position - Ending	\$ (573,007)
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The accompanying notes are integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended September 30, 2016

Exhibit 7

BUSINESS-TYPE
ACTIVITIES-
ENTERPRISE FUND
SOLID WASTE
FUND

Cash Flows from Operating Activities	
Receipts from Customers	\$ 2,331,697
Receipts from State Government	18,906
Other revenues	206,025
Payments to Suppliers	(1,177,406)
Payments to Employees	(774,619)
Net Cash Provided (Used) by Operating Activities	<u>604,603</u>
 Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	277,749
Acquisition of Capital Assets	(1,048,501)
Proceeds from Long-term Debt	952,820
Principal Paid on Long-term Debt	(691,273)
Interest Paid on Long-term Debt	<u>(35,208)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(544,413)</u>
 Cash Flows from Investing Activities	
Interest on Investments	<u>822</u>
Net Cash Provided (Used) by Investing Activities	<u>822</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	61,012
 Cash and Cash Equivalents at Beginning of Year	<u>109,292</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 170,304</u>

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended September 30, 2016

Exhibit 7

BUSINESS-TYPE
ACTIVITIES-
ENTERPRISE FUND
SOLID WASTE
FUND

Reconciliation of Operating Income (Loss) to Net Cash

Provided (Used) by Operating Activities:

Operating Income (Loss) \$ (20,416)

Adjustments to Reconcile Operating Income to Net Cash

Provided (Used) by Operating Activities:

Depreciation Expense 388,145

Changes in Assets and Liabilities:

(Increase) Decrease in Accounts Receivable (41,889)

(Increase) Decrease in Intergovernmental Receivables 30,467

(Increase) Decrease in Other Receivables 2,088

(Increase) Decrease in Deferred outflows of Resources (88,199)

Increase (Decrease) in Claims Payable 99,369

Increase (Decrease) in Intergovernmental Payables (2,485)

Increase (Decrease) in Due to Other Funds 13,032

Increase (Decrease) in Compensated Absences Liability 416

Increase (Decrease) in Pension Liability 211,618

Increase (Decrease) in Unearned Revenue 12,457

Total Adjustments 625,019

Net Cash Provided (Used) by Operating Activities \$ 604,603

Noncash Capital Financing Activity:

Panola County lease purchased mobile equipment for \$49,904 for 4 years at 1.82% interest.

Panola County lease purchased mobile equipment for 5 years at 1.92% interest.

Panola County lease purchased mobile equipment for \$270,438 for 5 years at 1.88% interest.

Panola County lease purchased mobile equipment for \$174,260 for 5 years at 1.99% interest.

Principal payments of \$691,273 were made on lease payments during this year.

The accompanying notes are integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
September 30, 2016

Exhibit 8

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ <u>504,441</u>
Total Assets	\$ <u>504,441</u>
<u>LIABILITIES</u>	
Intergovernmental Payables	\$ <u>504,441</u>
Total Liabilities	\$ <u>504,441</u>

The accompanying notes are an integral part of the financial statements.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

Panola 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 Panola County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Bynum Fire District
- Cole's Point Fire District
- Curtis Fire Department
- Mt. Olivett Fire Department
- Sardis Lower Lake Fire District
- Pope Volunteer Fire District
- Pleasant Grove Fire District
- Union Fire District
- North Panola Utility District
- Longtown Fire District
- Long Creek Sewer District

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

B. Individual Component Unit Disclosures.

Blended Component Units

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

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

The Panola County Industrial Authority is a legally separate entity, organized by a local and private bill to provide for land acquisitions and improvements for industrial development purposes. Its five-member Board of Commissioners is appointed by the Board of Supervisors.

The Panola County Economic Development District is comprised solely of the five members of the Board of Supervisors. Although legally separate from the County, the Corporation is reported as if it were part of the primary government because its sole purpose is to finance a substation for industries in the County.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (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.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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

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

The county reports the following major Governmental Funds:

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

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

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

The county reports the following major Proprietary fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Restricted assets reflect proceeds received from the Panola County Jail Project Certificates of Participation less amounts paid on construction commitments and proceeds from the General Obligation GE Project Bonds less bond issue costs. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

J. Capital Assets.

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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

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

	CAPITALIZATION THRESHOLDS	ESTIMATED USEFUL LIFE
Land	\$ -0-	N/A
Infrastructure	-0-	20-50 years
Buildings	50,000	40 years
Improvements other than Buildings	25,000	20 years
Mobile Equipment	5,000	5-10 years
Furniture and Equipment	5,000	3-7 years
Leased Property under Capital Leases	*	*

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

K. Deferred Outflows/Inflows of Resources.

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

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note Ten 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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 Ten for additional details.

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

L. 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.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

M. Long-Term Liabilities.

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

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

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund. The County has no nonspendable fund balances.

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.

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

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.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, the County's general policy is 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, the County's general policy is to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

O. Property Tax Revenues.

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

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

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

P. 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.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Q. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

NOTE 2 - PRIOR PERIOD ADJUSTMENTS.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Governmental Activities:	
To correct errors in capital assets	\$ 8,200
To correct errors in prior year claims payables	24,000
Total prior period adjustments	<u>\$ 32,200</u>

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

<u>Explanation</u>	<u>Amount</u>
To correct errors in prior years claims payables in the Other Governmental Funds	\$ 24,000
Total prior period adjustments	<u>\$ 24,000</u>

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$18,869,474 and the bank balance was \$19,208,217. 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.

Investments:

Investment balances at September 30, 2016 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	5 months	<u>\$ 70,717</u>	None
Total		<u>\$ 70,717</u>	

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Bank certificates of deposit 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.

NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES.

The following is a summary of interfund balance 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	\$ 243
General Fund	Solid Waste	13,032
Countywide Road Maintenance	General	107,288
Bridge	General	73,367
Other Governmental Funds	General	<u>67,936</u>
Total		<u>\$261,866</u>

The receivables represent the tax revenue collected in September 2016, but not settled until October, 2016, and indirect cost, as well as funds paid to cover grant expenditures. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 17,000
Other Governmental Funds	General	246,387
Other Governmental Funds	Other Governmental Funds	<u>83,910</u>
Total		<u>\$347,297</u>

The principal purpose of interfund transfers was to provide funds for capital outlay, to close funds, and to provide funds for operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$180,453
Emergency Management Performance Grant	33,977
Youth Court	969
Motor Vehicle Fuel Tax	63,813
Housing Prisoners	33,459
Seasonal Law	1,708
Help America Vote	1,358
Road and Bridge Privilege Tax	23,521
Reimbursement for Law Enforcement Training	2,035
Reimbursement for Transporting Inmates	1,210
Reimbursement for 911 Dispatcher	500
Timber Severance Tax	80
Miscellaneous	400
Total Governmental Activities	<u>\$343,483</u>
Business-type Activities:	
Waste Tire Grant	\$ 7,528
Total Business-type Activities	<u>\$ 7,528</u>

NOTE 6 - LOANS RECEIVABLE.

Loans 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>
Batesville Apartment Homes IV, LLC	8/16/2006	1%	8/18/2056	\$ 819,500
Less:				
Allowance for doubtful accounts				(819,500)
Net Loans Receivable Balance				<u>\$ -0-</u>

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended 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				BALANCE
	<u>Oct. 1, 2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>Adjustments*</u>	<u>Sept. 30, 2016</u>
Non-Depreciable Capital Assets:					
Land	\$ 1,356,524	\$ -0-	\$ -0-	\$ -0-	\$ 1,356,524
Construction in Progress	812,545	924,033	-0-	(1,165,868)	570,710
Total Non-Depr. Capital Assets	<u>2,169,069</u>	<u>924,033</u>	<u>-0-</u>	<u>(1,165,868)</u>	<u>1,927,234</u>
Depreciable Capital Assets:					
Infrastructure	109,478,127	-0-	-0-	1,165,868	110,643,995
Buildings	13,058,790	146,777	-0-	-0-	13,205,567
Improvements other than Bldgs.	1,927,044	-0-	-0-	-0-	1,927,044
Mobile Equipment	7,722,016	2,023,327	617,109	1,071,644	10,199,878
Furniture and Equipment	1,956,518	64,108	59,250	145,437	2,106,813
Leased Property under Capital					
Leases	<u>2,945,877</u>	<u>1,511,784</u>	<u>845,400</u>	<u>(1,207,081)</u>	<u>2,405,180</u>
Total Depreciable Capital Assets	<u>137,088,372</u>	<u>3,745,996</u>	<u>1,521,759</u>	<u>1,175,868</u>	<u>140,488,477</u>
Less Accumulated Depreciation for:					
Infrastructure	71,669,771	396,860	0	0	72,066,631
Buildings	4,443,521	223,222	0	0	4,666,743
Improvements other than Bldgs.	822,747	77,082	0	0	899,829
Mobile Equipment	5,800,721	810,155	399,628	335,369	6,546,617
Furniture and Equipment	1,632,466	79,237	50,071	74,799	1,736,431
Leased Property under Capital					
Leases	<u>1,002,578</u>	<u>483,755</u>	<u>431,154</u>	<u>(408,368)</u>	<u>646,811</u>
Total Accumulated Depreciation	<u>85,371,804</u>	<u>2,070,311</u>	<u>880,853</u>	<u>1,800</u>	<u>86,563,062</u>
Total Depreciable Capital					
Assets - Net	<u>51,716,568</u>	<u>1,675,685</u>	<u>640,906</u>	<u>1,174,068</u>	<u>53,925,415</u>
Governmental Activities Capital					
Assets - Net	<u>\$ 53,885,637</u>	<u>\$2,599,718</u>	<u>\$ 640,906</u>	<u>\$ 8,200</u>	<u>\$ 55,852,649</u>

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Business-type Activities:

	BALANCE Oct. 1, 2015	ADDITIONS	DELETIONS	Adjustments	BALANCE Sept. 30, 2016
Depreciable Capital Assets:					
Buildings	\$ 201,428	\$ -0-	\$ -0-	\$ -0-	\$ 201,428
Improvements other than Bldgs.	38,069	-0-	-0-	-0-	38,069
Mobile Equipment	294,629	60,869	108,768	-0-	246,730
Furniture and Equipment	190,875	31,358	6,460	-0-	215,773
Leased Property under Capital					
Leases	2,267,252	956,274	491,244	-0-	2,732,282
Total Depreciable Capital Assets	<u>2,992,253</u>	<u>1,048,501</u>	<u>606,472</u>	<u>-0-</u>	<u>3,434,282</u>
Less Accumulated Depreciation for:					
Buildings	56,401	4,028	-0-	-0-	60,429
Improvements other than Bldgs.	21,319	1,523	-0-	-0-	22,842
Mobile Equipment	190,212	26,504	71,949	-0-	144,767
Furniture and Equipment	69,999	28,573	4,983	-0-	93,589
Leased Property under Capital					
Leases	512,356	327,517	252,540	-0-	587,333
Total Accumulated Depreciation	<u>850,287</u>	<u>388,145</u>	<u>329,472</u>	<u>-0-</u>	<u>908,960</u>
Total Depreciable Capital					
Assets - Net	<u>2,141,966</u>	<u>660,356</u>	<u>277,000</u>	<u>-0-</u>	<u>2,525,322</u>
Business-type Activities Capital					
Assets - Net	<u>\$ 2,141,966</u>	<u>\$ 660,356</u>	<u>\$ 277,000</u>	<u>\$ -0-</u>	<u>\$ 2,525,322</u>

*Adjustments were made to transfer paid out leased property to mobile equipment, to transfer completed construction in progress to infrastructure and to add assets omitted in prior years.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General Government	\$ 58,397
Public Safety	598,259
Public Works	1,373,246
Health and Welfare	39,077
Economic Development	1,332
Total Governmental Activities Depr. Expense	<u>\$ 2,070,311</u>
Business-type Activities:	
Solid Waste	<u>\$ 388,145</u>

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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 worker's compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention of 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.

NOTE 9 - CAPITAL LEASES.

As Lessee:

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

Classes of Property	Governmental Activities	Business-type Activities
Mobile Equipment	\$ 2,223,511	\$ 2,732,282
Furniture and Equipment	181,669	-0-
Less: Accumulated Depreciation	(646,811)	(587,333)
Leased Property Under Capital Leases	<u>\$ 1,758,369</u>	<u>\$ 2,144,949</u>

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

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 493,430	\$ 32,017	\$ 540,663	\$ 36,992
2018	381,273	22,976	508,085	26,589
2019	353,619	16,002	518,126	16,549
2020	307,646	9,649	303,591	7,046
2021	230,497	3,462	169,528	3,247
2022	82,627	709	-0-	-0-
Total	<u>\$1,849,092</u>	<u>\$ 84,815</u>	<u>\$2,039,993</u>	<u>\$ 90,423</u>

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description-Panola 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 the amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

Contributions - At September 30, 2016, PERS members were required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's share at September 30, 2016, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the year ended September 30, 2016, 2015, and 2014 were \$1,096,101, \$1,040,645, and \$1,022,475 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 \$19,242,911 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 the 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 .107728 percent, which was based on a measurement date of June 30, 2016. This was an increase of .002593 percent from its proportionate share used to calculate the September 30, 2015 net position liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$2,840,555. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 477,600
Net difference between projected and actual earnings on pension plan investments	-0-	2,238,936
Change of assumptions	-0-	845,369
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-0-	225,224
County contributions subsequent to the measurement date	-0-	273,087
Total	\$ -0-	\$ 4,060,216

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

\$273,087 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:

Year ending September 30:

2017	\$	1,424,520
2018		1,259,792
2019		722,669
2020		380,148
Total	\$	<u>3,787,129</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	3.00 percent
Salary Increases	3.75-19.00 percent, including inflation
Investment Rate of Return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with 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 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 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.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended 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)
Total	100.00 %	

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

Sensitivity 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%)
County's proportionate share of the net pension liability	\$ 24,673,726	\$ 19,242,911	\$ 14,737,095

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 - LONG-TERM DEBT.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
GE Project Bonds	\$ 3,215,000	4.0/5.50%	03/2025
GO Refunding Bonds Jail 2013	3,055,000	2.0/2.625%	08/2026
Total General Obligation Bonds	<u>\$ 6,270,000</u>		
B. Capital Leases:			
Boat	\$ 7,731	3.27%	11/2016
Road Widener Machine	44,503	1.61%	05/2017
Patch Truck	24,720	1.73%	10/2017
2013 Chevy Tahoes	33,941	1.61%	08/2017
6 Chevy Tahoes	25,712	1.68%	12/2016
Radio Console Equipment-			
Noncapital Debt	118,759	2.19%	03/2019
6 2014 F150 Trucks	74,754	2.06%	11/2018
2 2015 Ford Trucks	7,188	1.96%	02/2017
2017 Mack Dump Trucks	723,500	1.82%	04/2021
3 Motor Graders	788,284	1.73%	10/2021
Total Capital Leases	<u>\$ 1,849,092</u>		
C. Other Loans:			
GO Note Series 2016	<u>\$ 2,400,000</u>	1.63%	07/2020
Business-type Activities:			
Capital Leases:			
Garbage Truck	\$ 42,425	1.73%	07/2017
Western Roll-off Garbage Truck	100,090	1.83%	09/2019
Mack Garbage Truck	130,701	1.83%	09/2019
Mack Garbage Truck	185,611	1.91%	03/2020
3 Garbage Trucks	528,407	2.04%	12/2019
Western Roll-off Garbage Truck	116,599	2.24%	10/2019
Bobcat Compact Excavator	49,904	1.82%	03/2020
22 YD Mack/Heil Side Loader	458,218	1.92%	04/2021
2017 Mack Garbage Truck	270,438	1.88%	04/2021
2016 Mack Garbage Truck	157,600	1.99%	01/2021
Total Capital Leases	<u>\$ 2,039,993</u>		

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	560,000	221,669	\$ 585,528	\$ 39,120
2018	580,000	202,143	595,072	29,576
2019	605,000	181,644	604,771	19,876
2020	625,000	160,168	614,629	10,019
2021	650,000	137,719		
2022-2026	3,250,000	300,238		
Total	<u>\$6,270,000</u>	<u>\$1,203,581</u>	<u>\$2,400,000</u>	<u>\$ 98,591</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 2.30% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2016, \$3,155,000 of the bonds were considered defeased.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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

	BALANCE 10/1/2015	ADDITIONS	DELETIONS	BALANCE 9/30/2016	AMOUNT DUE WITHIN ONE YEAR
Governmental Activities:					
Compensated Absences	\$ 372,608	\$ -0-	\$ 4,809	\$ 367,799	\$ -0-
General Obligation Bonds	6,810,000	-0-	540,000	6,270,000	560,000
Add:					
Premiums	51,575	-0-	4,724	46,851	-0-
Other Loans	600,000	2,400,000	600,000	2,400,000	585,528
Capital Leases	<u>1,786,546</u>	<u>1,511,784</u>	<u>1,449,238</u>	<u>1,849,092</u>	<u>493,430</u>
Total	<u>\$ 9,620,729</u>	<u>\$ 3,911,784</u>	<u>\$ 2,598,771</u>	<u>\$10,933,742</u>	<u>\$ 1,638,958</u>
Business-Type Activities:					
Compensated Absences	\$ 23,930	\$ 416	\$ -0-	\$ 24,346	\$ -0-
Capital Leases	<u>1,778,446</u>	<u>952,820</u>	<u>691,273</u>	<u>2,039,993</u>	<u>540,663</u>
Total	<u>\$ 1,802,376</u>	<u>\$ 953,236</u>	<u>\$ 691,273</u>	<u>\$ 2,064,339</u>	<u>\$ 540,663</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Countywide Road Maintenance Fund, Bridge Fund, Narcotics Task Force, Industrial Park Construction, E911 Fund, Volunteer Fire Fund, and Solid Waste Fund.

NOTE 12 - DEFICIT FUND BALANCES/NET POSITION OF INDIVIDUAL FUNDS.

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

Fund	Deficit Amount
Fire #7 Curtis Lock Station	\$ 106
Insurance Rebate Bld Code	242

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 13 - CONTINGENCIES.

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

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

NOTE 14 - JOINT VENTURE.

The County participates in the following joint venture:

Panola County is a participant with the counties of DeSoto, Lafayette, Tate and Tunica in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. This joint venture was created to provide library services and is governed by a five-member board, with each county appointing one member. The County appropriated \$311,597 for support of the library in fiscal year 2016. Complete financial statements for the First Regional Library can be obtained from P. O. Box 386, Hernando, Mississippi 38632.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

North Delta Planning and Development District is composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Panola County Board of Supervisors appoints 4 of the 30 members of the board of directors. The County appropriated and made a payment of \$77,000 for support of the district in fiscal year 2016.

PANOLA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 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 Panola County Board of Supervisors appoints 1 of the 21 members of the board of commissioners. The County levied a .71 mil tax which resulted in \$4,857 to help support the district in the fiscal year 2016.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Panola County Board of Supervisors appoints 2 of the 23 members of the college board of trustees. The County appropriated \$526,121 for maintenance and support for the college in fiscal year 2016.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Panola County Board of Supervisors appoints 2 of the 30 board members, with 10 members coming from the business sector and 10 members coming from the minority disadvantaged. The County did not appropriate any funds for support of the agency in fiscal year 2016.

Communicare operates in a district composed of the counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Panola County Board of Supervisors appoints 1 of the 7 members of the board of commissioners. The County appropriated \$39,000 for support of the agency in fiscal year 2016.

NOTE 16 - 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 Panola County evaluated the activity of the County through January 8, 2018 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

PANOLA COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTAL INFORMATION

PANOLA COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 8,410,511	\$ 8,866,273	\$ 8,866,273	\$ -0-
Licenses, Commissions, and Other Revenue	479,000	565,246	565,246	-0-
Fines and Forfeitures	300,500	319,534	319,534	-0-
Intergovernmental Revenues	898,150	851,656	851,656	-0-
Charges for Services	265,000	521,230	521,230	-0-
Interest Income	15,000	23,474	23,474	-0-
Miscellaneous Revenues	328,862	333,622	333,622	-0-
Total Revenues	<u>10,697,023</u>	<u>11,481,035</u>	<u>11,481,035</u>	<u>-0-</u>
EXPENDITURES				
Current:				
General Government	4,796,939	4,853,286	4,853,286	-0-
Public Safety	5,678,412	5,652,126	5,652,126	-0-
Public Works	84,376	88,713	88,713	-0-
Health and Welfare	251,310	216,839	216,839	-0-
Culture and Recreation	28,000	30,487	30,487	-0-
Education	-0-	10,000	10,000	-0-
Conservation of Natural Resources	105,689	99,867	99,867	-0-
Economic Development and Assistance	237,837	227,000	227,000	-0-
Debt Service:				
Principal	-0-	81,688	81,688	-0-
Interest	-0-	3,922	3,922	-0-
Total Expenditures	<u>11,182,563</u>	<u>11,263,928</u>	<u>11,263,928</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	<u>(485,540)</u>	<u>217,107</u>	<u>217,107</u>	<u>-0-</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	720,658	52,325	48,465	(3,860)
Other Financing Uses	<u>(330,000)</u>	<u>(246,387)</u>	<u>(246,387)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>390,658</u>	<u>(194,062)</u>	<u>(197,922)</u>	<u>(3,860)</u>
Net Change in Fund Balance	(94,882)	23,045	19,185	(3,860)
Fund Balances - Beginning	6,600,000	7,696,267	7,700,369	4,102
Fund Balances - Ending	<u>\$ 6,505,118</u>	<u>\$ 7,719,312</u>	<u>\$ 7,719,554</u>	<u>\$ 242</u>

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

PANOLA COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
COUNTYWIDE ROAD MAINTENANCE FUND
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 1,911,025	\$ 1,603,077	\$ 1,603,077	\$ -0-
Road and Bridge				
Priveledge Tax	-0-	520,840	520,840	-0-
Intergovernmental Revenues	742,000	892,019	892,019	-0-
Interest Income	5,000	6,175	6,175	-0-
Miscellaneous Revenues	5,800	19,731	19,731	-0-
Total Revenues	<u>2,663,825</u>	<u>3,041,842</u>	<u>3,041,842</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public Works	2,762,508	3,429,714	3,429,714	-0-
Debt Service:				
Principal	238,211	1,008,600	1,008,600	-0-
Interest	-0-	10,058	10,058	-0-
Total Expenditures	<u>3,000,719</u>	<u>4,448,372</u>	<u>4,448,372</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	(336,894)	(1,406,530)	(1,406,530)	-0-
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	-0-	1,197,932	1,197,932	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>1,197,932</u>	<u>1,197,932</u>	<u>-0-</u>
Net Change in Fund Balance	(336,894)	(208,598)	(208,598)	-0-
Fund Balances - Beginning	1,546,659	1,956,317	1,956,317	-0-
Fund Balances - Ending	<u>\$ 1,209,765</u>	<u>\$ 1,747,719</u>	<u>\$ 1,747,719</u>	<u>\$ -0-</u>

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

PANOLA COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
BRIDGE FUND
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 1,613,272	\$ 1,673,073	\$ 1,673,073	\$ -0-
Interest Income	5,000	10,228	10,228	-0-
Total Revenues	<u>1,618,272</u>	<u>1,683,301</u>	<u>1,683,301</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public Works	1,826,828	1,803,243	1,803,243	-0-
Debt Service:				
Principal	324,627	262,851	262,851	-0-
Interest	-0-	7,662	7,662	-0-
Total Expenditures	<u>2,151,455</u>	<u>2,073,756</u>	<u>2,073,756</u>	<u>-0-</u>
Excess of Revenues Over (Under) Expenditures	<u>(533,183)</u>	<u>(390,455)</u>	<u>(390,455)</u>	<u>-0-</u>
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	430,014	-0-	-0-	-0-
Total Other Financing Sources	<u>430,014</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	(103,169)	(390,455)	(390,455)	-0-
Fund Balances - Beginning	2,667,397	2,931,601	2,931,601	-0-
Fund Balances - Ending	<u>\$ 2,564,228</u>	<u>\$ 2,541,146</u>	<u>\$ 2,541,146</u>	<u>\$ -0-</u>

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

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	19,242,911	16,251,798	12,816,571
County's proportionate share of the new pension liability (asset)	0.107728%	0.105135%	0.105589%
County's covered-employee payroll	6,959,365	6,607,266	6,491,910
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.503833%	245.9685746%	197.123732%
Plan fiduciary net position as a percentage of the total pension liability	57.467727%	61.703983%	67.207687%

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

This schedule presented is to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled the entity has only presented information for the years in which information was available.

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

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
PERS
LAST 10 FISCAL YEARS

	2016	2015
Contractually required contribution	\$ 1,096,101	\$ 1,040,645
Contributions in relation to the contractually required contribution	<u>1,096,101</u>	<u>1,040,645</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
County covered-employee payroll	\$ 6,959,365	\$ 6,607,266
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2016
UNAUDITED

NOTE 1 - BUDGET COMPARISON SCHEDULE.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

PANOLA COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2016
UNAUDITED

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

	General Fund	Countywide Road Maintenance Fund	Bridge Fund
Budget (Cash Basis)	\$ 19,185	\$ (208,598)	\$ (390,455)
Increase (Decrease)			
Net Adjustments for Revenue			
Accruals	(47,098)	3,045,094	115
Net Adjustments for			
Expenditure Accruals	<u>(68,915)</u>	<u>(3,049,414)</u>	<u>82,817</u>
GAAP Basis	<u>\$ (96,828)</u>	<u>\$ (212,918)</u>	<u>\$ (307,523)</u>

NOTE 2 - SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF THE COUNTY'S CONTRIBUTIONS.

Changes in Benefit Provisions.

None.

Changes of Assumptions.

In 2016 the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

PANOLA COUNTY, MISSISSIPPI

OTHER INFORMATION

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS - UNAUDITED
For the Year Ended September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
James Birge	Supervisor District 1	Liberty Mutual	\$100,000
Vernice Avant	Supervisor District 2	Western Surety Co.	\$100,000
John Thomas	Supervisor District 3	Liberty Mutual	\$100,000
Kelly Morris	Supervisor District 4	Old Republic Surety	\$100,000
Cole Flint	Supervisor District 5	Liberty Mutual	\$100,000
Jim Pittcock	Chancery Clerk	Western Surety Co.	\$100,000
Kelley Magee	County Administrator	Liberty Mutual	\$100,000
Mellissa Meek Phelps	Circuit Clerk	Liberty Mutual	\$100,000
David Garner	Tax Assessor/Collector	Liberty Mutual	\$100,000
Dennis Darby	Sheriff	Liberty Mutual	\$100,000
Mike Wilson	Justice Court Judge	Old Republic Surety	\$100,000
Willie Joiner	Justice Court Judge	Old Republic Surety	\$100,000
Jada Miller	Justice Court Clerk	Old Republic Surety	\$50,000
Linda Lyons	Justice Court Clerk	Old Republic Surety	\$50,000
Eric Harris	Constable	Old Republic Surety	\$50,000
Raye Hawkins	Constable	Old Republic Surety	\$50,000
Andriana Cauthen	Purchase Clerk	Western Surety Co.	\$75,000
Robbie Haley	Asst. Purchase Clerk	Old Republic Surety	\$50,000
Tom Austin	Receiving Clerk	Liberty Mutual	\$75,000
Sandra Copeland	Receiving Clerk	Old Republic Surety	\$50,000
Judy Tutor	Receiving Clerk	Old Republic Surety	\$50,000
Janice Dodd	Receiving Clerk	Liberty Mutual	\$50,000
Gail Cauthen	Receiving Clerk	FCC	\$50,000
Kathy Wilson	Receiving Clerk	Old Republic Surety	\$50,000
Arlene Wilson	Receiving Clerk	Old Republic Surety	\$50,000
Gwen Pollard	Receiving Clerk	Liberty Mutual	\$50,000
Stella Lee	Receiving Clerk	Old Republic Surety	\$50,000
Jennifer Jackson	Receiving Clerk	Old Republic Surety	\$50,000
Glenda Hill	Inventory Clerk	Liberty Mutual	\$75,000
Lygunnah Bean	Road Manager	Old Republic Surety	\$50,000
Deputy Tax Collectors	Deputy Tax Collectors	Liberty Mutual	\$50,000/ea
Deputy Tax Assessor	Deputy Tax Assessor	American States Ins.	\$10,000/ea
Sheriff's Deputies	Sheriff's Deputies	Old Republic Surety	\$50,000/ea

PANOLA COUNTY, MISSISSIPPI

SPECIAL REPORTS



The Dwight L. Young Group

CERTIFIED PUBLIC ACCOUNTANTS

604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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
Panola County, Mississippi
Batesville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panola 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 January 8, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Panola 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 the Panola County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

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

Panola County's Response to Finding

Panola County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Panola County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

The Dwight L. Young Group

Oxford, Mississippi
January 8, 2018



The Dwight L. Young Group

CERTIFIED PUBLIC ACCOUNTANTS

604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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
Panola County, Mississippi
Batesville, Mississippi

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

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

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

In our opinion, Panola 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 in relation to that examination.

This report is intended for use in evaluating Panola 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.

The Dwight L. Young Group

Oxford, Mississippi
January 8, 2018

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES FROM OTHER THAN THE LOWEST BIDDER
For the Year Ended September 30, 2016

Schedule 1

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

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF EMERGENCY PURCHASES
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY FROM A SOLE SOURCE
For the Year Ended September 30, 2016

Schedule 3

Our test results did not identify any sole source purchases.



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW
MANAGEMENT REPORT

Members of the Board of Supervisors
Panola County, Mississippi
Batesville, Mississippi

In planning and performing our audit of the financial statements of Panola County, Mississippi for the year ended September 30, 2016, we considered Panola 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 Panola 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 January 8, 2018, on the financial statements of Panola County, Mississippi.

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

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

The Dwight R. Young Group

Oxford, Mississippi
January 8, 2018

PANOLA COUNTY, MISSISSIPPI
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 | Unmodified |
| Business-type activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Countywide road maintenance fund | Unmodified |
| Bridge fund | Unmodified |
| Solid waste fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses. | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Section 2: Financial Statements Findings

Board of Supervisors.

Material Weakness (Prior Year Finding)

2016-001 Criteria: Generally accepted accounting principles require the financial data of the County's component units to be reported with the financial data of the County's primary government unless the County also issued financial statements for the financial reporting unit that include the financial data for its component units.

Condition: As reported in prior years' audit reports, the financial statements do not include the financial data of the County's component units.

Cause: The component units of the County do not have audited financial statements.

Effect: The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

PANOLA COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2016

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

Response: The Board of Supervisors did not choose to include the component units in the County financial statements because the component units do not render financial statements and the Board believes it would be a hardship to do so.