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TATE COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

TATE COUNTY
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TATE COUNTY

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Tate County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate County, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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 in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate 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, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Contributions, and corresponding notes, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tate County, Mississippi's basic financial statements. The Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis and is not a required part of the 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 May 15, 2018, on our consideration of Tate 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 controls 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tate County, Mississippi's internal control over financial reporting and compliance.



F.O. Givens & Co.
Certified Public Accountants
May 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

INTRODUCTION

The discussion and analysis of Tate County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2016. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance. Information contained in this section is qualified by more detailed information contained elsewhere in the County's financial statements, notes to the financial statements and accompanying materials. To the extent that this discussion contains any forward looking statements of the County's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June, 1999.

Tate County is located in northwestern Mississippi. The population, according to the 2010 census, is 28,886. The local economic base is driven mainly by agriculture. Tate County's economy is also bolstered by being the home of Northwest Mississippi Community College.

FINANCIAL HIGHLIGHTS

Tate County remains financially stable. The County has committed itself to financial excellence for many years by using sound fiscal management to meet the challenges of the future.

Tate County's total property tax levy for the year ended September 30, 2016, was 150.95 mills, down from 155.18. Of this amount, the mills levied for the Tate County School District were 72.45, down from 76.68 in 2015.

Total net position decreased \$873,499, a decrease of 3.7% from the prior year. The County's ending cash balance went from \$4,806,503 to \$4,849,791.

The County had \$16,671,369 in total revenues, compared to \$14,416,387 in the previous year. Property taxes of \$10,016,304 comprised approximately 60 % of total revenues.

Total operating expenses were \$16,267,549, compared to \$15,411,165 from the prior year.

Among major funds, the General Fund had \$9,966,532 in operating revenues and \$9,180,281 in operating expenditures with other financial uses of (\$1,102,371). The General Fund's fund balance decreased by \$316,120.

Long-term debt for governmental activities fell this year from \$8,736,591 to \$8,599,072, a decrease of approximately 1.6%.

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 are comprised of 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.

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

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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 and 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 years.

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, 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 management and garbage collection. The Government-wide Financial Statements can be found on pages 13 and 14 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash, which provides a detailed short-term view of the County's operations. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented with governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 16 and 18, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds. The basic governmental funds financial statements can be found on pages 15 through 18 of this report.

Proprietary funds are maintained to account for enterprise activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for solid waste management and garbage disposal.

Fund financial statements for the proprietary funds provide the same type and basis of information as the business-type activities in the government-wide financial statements, only in more detail. The Solid Waste Management Fund is considered to be a major fund of the County. Data from the other enterprise fund is combined into a single,

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

aggregated presentation. The proprietary funds financial statements can be found on pages 19 through 21 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary financial statement can be found on page 22 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 23 through 43 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process. The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the general fund and each additional governmental major fund. This required supplementary information can be found on pages 44 through 49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position - Net Position may serve over time as a useful indicator of government's financial position. In the case of Tate County, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,497,782 as of September 30, 2016.

By far, the largest portion of the County's net position (127.4%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal years ended September 30, 2016 and 2015. GASB Statement No. 68 was implemented in fiscal year 2015. We did not restate prior year amounts to reflect any requirements of GASB Statement No. 68.

(See table on next page).

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

	2016		2015	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Current Assets	\$ 16,350,793	119,884	\$ 14,470,768	\$ 124,317
Other Assets	-	-	1,929,739	18,303
Capital Assets, Net	37,417,762	470,951	38,007,618	353,981
Total Assets	<u>\$ 53,768,555</u>	<u>590,835</u>	<u>\$ 54,408,125</u>	<u>\$ 496,601</u>
Total Deferred Outflows of Resources	<u>\$ 3,737,166</u>	<u>242,506</u>	<u>\$ 2,133,014</u>	<u>\$ 180,199</u>
Current Liabilities	\$ 917,258	103,018	\$ 754,222	\$ 94,189
Long-term Debt Outstanding:				
Due Within One Year	698,457	118,145	605,810	304,439
Due In More Than One Year	7,900,615	444,922	8,130,781	170,640
Net Pension Liability	13,659,177	1,166,696	12,115,771	1,023,553
Total Liabilities	<u>\$ 23,175,507</u>	<u>1,832,781</u>	<u>\$ 21,606,584</u>	<u>\$ 1,592,821</u>
Total Deferred Inflows of Resources	<u>\$ 10,802,811</u>	<u>30,181</u>	<u>\$ 10,633,376</u>	<u>\$ 13,827</u>
Net Investment in Capital Assets	\$ 29,975,010	(72,824)	\$ 29,473,755	\$ (95,904)
Restricted	3,051,222	-	3,623,030	-
Unrestricted	(9,498,829)	(956,797)	(8,795,656)	(833,944)
Total Net Position	<u>\$ 23,527,403</u>	<u>(1,029,621)</u>	<u>\$ 24,301,129</u>	<u>\$ (929,848)</u>

Changes in Net Position - Tate County's total revenue for the fiscal year ended September 30, 2016 was \$15,493,823 for governmental activities and \$1,177,546 for business-type activities. The total cost for all services provided was \$ 16,267,549 for governmental activities and \$1,277,319 for business-type activities. The change in net position was \$(773,726) for governmental activities and \$(99,773) for business-type activities. The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2016 and 2015

(See table on next page.)

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

	2016 <u>Amount</u>	2015 <u>Amount</u>
Governmental Activities:		
Revenues:		
Program Revenues		
Charges for Services	\$ 1,659,112	\$ 1,556,105
Operating Grants & Contributions	715,032	797,941
Capital Grants & Contributions	2,192,611	196,383
General Revenues		
Property Taxes	10,016,304	9,648,405
Other	910,764	1,135,462
Total Revenue	<u>\$ 15,493,823</u>	<u>\$ 13,334,296</u>
Expenses:		
General Government	\$ 3,646,384	\$ 3,888,230
Public Safety	4,757,830	4,810,896
Public Works	4,877,160	3,023,535
Health and Welfare	284,038	234,049
Culture and Recreation	168,000	168,000
Other Expenses	210,560	255,790
Interest and other expense on long-term debt	512,034	401,740
Pension Expense	1,811,543	1,369,601
Total Expenses	<u>16,267,549</u>	<u>14,151,841</u>
Prior Period Adjustment	<u></u>	<u>(9,549,754)</u>
Changes in Net Position	<u>\$ (773,726)</u>	<u>\$ (10,367,299)</u>
Business-Type Activities:		
Revenues:		
Program Revenues		
Charges for Services	\$ 1,020,969	\$ 1,079,069
Federal and State Grants	54,158	13,920
Other	102,419	(10,898)
Total Revenues	<u>1,177,546</u>	<u>1,082,091</u>
Expenses:		
Solid Waste Disposal	940,806	993,041
Garbage Disposal	170,026	150,587
Pension Expense	166,487	115,696
Total Expenses	<u>1,277,319</u>	<u>1,259,324</u>
Prior Period Adjustment	<u></u>	<u>(806,773)</u>
Changes in Net Position	<u>\$ (99,773)</u>	<u>\$ (984,006)</u>

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Governmental Activities - The following table presents the cost of eight major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Economic Development, Culture and Recreation, Conservation of Natural Resources, Interest and Other Expenses on Long-term Debt, and Pension Expense. The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Tate County's taxpayers by each of these functions.

	2016		2015	
	Total Costs	Net Costs	Total Costs	Net Costs
General Government	\$ 3,646,384	\$ 2,431,133	\$ 3,888,230	\$ 2,881,409
Public Safety	\$ 4,757,830	\$ 4,119,030	\$ 4,810,896	\$ 4,011,791
Public Works	\$ 4,877,160	\$ 2,179,085	\$ 3,023,535	\$ 2,305,677
Health and Welfare	\$ 284,038	\$ 269,409	\$ 234,049	\$ 207,404
Economic Development	\$ 121,696	\$ 88,864	\$ 169,500	\$ 169,500
Culture and Recreation	\$ 168,000	\$ 168,000	\$ 168,000	\$ 168,000
Conservation of Natural Resources	\$ 88,864	\$ 121,696	\$ 86,290	\$ 86,290
Interest and Other Expenses on				
Long-Term Debt	\$ 512,034	\$ 512,034	\$ 401,740	\$ 401,740
Pension Expense	\$ 1,811,543	\$ 1,811,543	\$ 1,369,601	\$ 1,369,601

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds - At the close of the fiscal year, Tate County's governmental funds reported a combined fund balance of \$ 4,536,049, a decrease from the previous year's \$4,774,869.

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$316,120.

Business-type funds - The Enterprise Funds showed a loss for the year of \$99,773.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Tate County revised its annual operating budget to more closely reflect actual revenues and expenses. 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, Tate County's total capital assets were \$98,161,354. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, and leased property under capital lease. This amount represents an increase from the previous year of \$14,180.

Total accumulated depreciation as of September 30, 2016, was \$60,272,641, including \$994,783 of depreciation expense for the year. The balance in total net capital assets was \$37,888,713 at year-end.

Additional information on Tate County's capital assets can be found in Note 5 on pages 32 through 34 of this report.

TATE COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Debt Administration - At September 30, 2016, Tate County had \$9,162,139 of long-term debt outstanding. This includes general obligation bonds, loans, capital leases, and accrued vacation pay. This total was down from \$9,211,670 the previous year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is currently well below the debt limit.

Additional information on Tate County's long-term debt can be found in Note 10 on pages 38 through 40 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

Tate County has no major items of impact that would materially affect these financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives.

If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P.O. Box 309, Senatobia, MS 38668.

TATE COUNTY

FINANCIAL STATEMENTS

TATE COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,702,604	114,187	4,816,791
Property tax receivable	10,461,028	-	10,461,028
Accounts receivable, net of allowance for uncollectible accounts of \$471,002	2,049	279,738	281,787
Fines receivable, net of allowance for uncollectible accounts of \$526,236	446,016	-	446,016
Intergovernmental receivable	434,717	18,674	453,391
Internal balances	297,396	(297,396)	-
Prepaid items	6,983	4,681	11,664
Capital assets:			
Land and construction in progress	1,287,537	-	1,287,537
Other capital assets, net	36,130,225	470,951	36,601,176
Total Assets	53,768,555	590,835	54,359,390
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred loss on bond refunding	940,982	-	940,982
Deferred outflows related to pensions	\$ 2,796,184	242,506	3,038,690
Total Deferred Outflows of Resources	3,737,166	242,506	3,979,672
<u>LIABILITIES</u>			
Claims payable	545,468	37,288	582,756
Intergovernmental payables	257,152	-	257,152
Accrued interest payable	16,541	-	16,541
Unearned revenue	-	65,730	65,730
Amounts held in custody for others	98,097	-	98,097
Long-term liabilities:			
Due within one year:			
Capital debt	687,293	117,793	805,086
Non-capital debt	11,164	352	11,516
Due in more than one year:			
Capital debt	7,696,441	425,982	8,122,423
Non-capital debt	204,174	18,940	223,114
Net pension liability	13,659,177	1,166,696	14,825,873
Total Liabilities	23,175,507	1,832,781	25,008,288
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	341,783	30,181	371,964
Property tax for future reporting periods	10,461,028	-	10,461,028
Total Deferred Inflows of Resources	10,802,811	30,181	10,832,992
<u>NET POSITION</u>			
Net investment in capital assets	29,975,010	(72,824)	29,902,186
Restricted for:			
Expendable:			
General government	526,048	-	526,048
Public safety	363,951	-	363,951
Public works	2,098,355	-	2,098,355
Debt service	39,558	-	39,558
Unemployment compensation	23,310	-	23,310
Unrestricted	(9,498,829)	(956,797)	(10,455,626)
Total Net Position	\$ 23,527,403	(1,029,621)	22,497,782

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Primary Government		
		Services	Grants and	Grants and	Governmental	Business-Type	Total
			Contributions	Contributions	Activities	Activities	
Primary government:							
Governmental activities:							
General government	3,646,384	1,203,296	11,955	-	(2,431,133)	-	(2,431,133)
Public safety	4,757,830	441,155	197,645	-	(4,119,030)	-	(4,119,030)
Public works	4,877,160	14,661	490,803	2,192,611	(2,179,085)	-	(2,179,085)
Health and welfare	284,038	-	14,629	-	(269,409)	-	(269,409)
Culture and recreation	168,000	-	-	-	(168,000)	-	(168,000)
Conservation of natural resources	88,864	-	-	-	(88,864)	-	(88,864)
Economic development and assistance	121,696	-	-	-	(121,696)	-	(121,696)
Interest and other expenses on long-term debt	512,034	-	-	-	(512,034)	-	(512,034)
Pension expense	1,811,543	-	-	-	(1,811,543)	-	(1,811,543)
Total governmental activities	16,267,549	1,659,112	715,032	2,192,611	(11,700,794)	-	(11,700,794)
Business-type activities:							
Solid waste disposal	940,806	848,692	-	-	-	(92,114)	(92,114)
Garbage disposal	170,026	172,277	54,158	-	-	56,409	56,409
Pension expense	166,487	-	-	-	-	(166,487)	(166,487)
Total business-type activities	1,277,319	1,020,969	54,158	-	-	(202,192)	(202,192)
Total primary government	\$ 17,544,868	2,680,081	769,190	2,192,611	(11,700,794)	(202,192)	(11,902,986)
General Revenues:							
Property taxes					\$ 10,016,304	-	10,016,304
Road and bridge privilege taxes					131,716	-	131,716
Grants and contributions not restricted to specific programs					586,259	-	586,259
Unrestricted interest income					16,510	35	16,545
Miscellaneous					177,195	2,405	179,600
Gain (Loss) on disposal of capital assets					(916)	99,979	99,063
Total General Revenues					10,927,068	102,419	11,029,487
Changes in Net Position					(773,726)	(99,773)	(873,499)
Net Position-Beginning					24,301,129	(929,848)	23,371,281
Net Position-Ending					\$ 23,527,403	(1,029,621)	22,497,782

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

TATE COUNTY
Balance Sheet - Governmental Funds
September 30, 2016

Exhibit 3

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,805,586	2,897,018	4,702,604
Property tax receivable	7,325,099	3,135,929	10,461,028
Fines receivable, net allowance for uncollectables of \$506,067	446,016	-	446,016
Other Receivable	2,049	-	2,049
Intergovernmental receivables	142,079	34,300	176,379
Due from other funds	435,515	75,527	511,042
Advances to other funds	116,707	-	116,707
Total Assets	<u>10,273,051</u>	<u>6,142,774</u>	<u>16,415,825</u>
<u>LIABILITIES</u>			
Claims payable	\$ 161,982	383,486	545,468
Intergovernmental payables	257,152	-	257,152
Due to other funds	70,057	1,958	72,015
Amounts held in custody for others	98,097	-	98,097
Total Liabilities	<u>\$ 587,288</u>	<u>385,444</u>	<u>972,732</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	7,325,099	3,135,929	10,461,028
Unavailable revenue - fines	446,016	-	446,016
Total deferred inflows of resources	<u>\$ 7,771,115</u>	<u>\$ 3,135,929</u>	<u>\$ 10,907,044</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Advances	116,707	-	116,707
Restricted for:			
General government	408,991	117,057	526,048
Public safety	-	363,951	363,951
Public works	-	2,098,355	2,098,355
Debt service	-	56,099	56,099
Unemployment compensation	-	23,310	23,310
Unassigned	1,388,950	(37,371)	1,351,579
Total Fund Balances	<u>\$ 1,914,648</u>	<u>\$ 2,621,401</u>	<u>\$ 4,536,049</u>
Total Liabilities and Fund Balances	<u>\$ 10,273,051</u>	<u>\$ 6,142,774</u>	<u>\$ 16,415,825</u>

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

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 4,536,049
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$58,625,499.	37,417,762
Other long-term assets are not available for current period expenditures and, therefore, are unearned in the funds.	446,016
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	2,796,184
Net pension liabilities are not due and payable in the current period, and therefore are not reported in the funds	(13,659,177)
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(341,783)
Other long-term assets are not available for current period expenditures and, therefore, are unearned in the funds.	
Long-term liabilities not due and payable in the current period and, therefore, not reported in the funds.	(7,658,090)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(16,541)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds.	<u>6,983</u>
Total Net Position - Governmental Activities	<u><u>\$23,527,403</u></u>

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

TATE COUNTY

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

Exhibit 4

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<u>REVENUES</u>			
Property taxes	\$ 7,943,207	\$ 2,073,097	10,016,304
Road and bridge privilege taxes	5,911	125,805	131,716
Licenses, commissions, and other revenues	668,810	14,661	683,471
Fines and forfeitures	472,649	5,421	478,070
Intergovernmental revenues	604,367	2,956,935	3,561,302
Charges for services	176,928	264,227	441,155
Interest	8,317	8,193	16,510
Miscellaneous	86,343	18,220	104,563
Total Revenues	9,966,532	5,466,559	15,433,091
<u>EXPENDITURES</u>			
Current:			
General government	3,754,639	11,048	3,765,687
Public safety	4,149,717	784,551	4,934,268
Public works	-	4,690,264	4,690,264
Health and welfare	235,139	-	235,139
Culture and recreation	168,000	-	168,000
Conservation of natural resources	96,279	-	96,279
Economic development and assistance	121,696	-	121,696
Debt service:			
Principal	400,000	234,520	634,520
Interest and fees	254,811	24,508	279,319
Bond issue costs	-	279,229	-
Total Expenditures	9,180,281	6,024,120	14,925,172
Excess of Revenues Over (Under)			
Expenditures	786,251	(557,561)	507,919
<u>OTHER FINANCING SOURCES (USES)</u>			
Refunding bonds issued	-	7,670,000	7,670,000
Proceeds from sale of capital assets	-	9,000	9,000
Premiums on bonds issued	-	123,106	-
Compensation for loss of assets	5,232	-	5,232
Transfers in	247	1,107,850	1,108,097
Transfers out	(1,107,850)	(247)	(1,108,097)
Payment to bond refunding escrow agent	-	(8,274,848)	(8,274,848)
Total Other Financing Sources (Uses)	(1,102,371)	634,861	(590,616)
Net Change in Fund Balances	(316,120)	77,300	(238,820)
Fund Balance - Beginning	2,230,768	2,544,101	4,774,869
Fund Balance - Ending	\$ 1,914,648	\$ 2,621,401	\$ 4,536,049

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

TATE COUNTY

Exhibit 4-1

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

Net Changes in Fund Balances - Total Governmental Funds

\$ (238,820)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statements of Activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
depreciation of \$887,902 exceeded capital outlays of \$308,012 in the
current period.

(579,890)

In the Statement of Activities, only gains and losses from the sale of capital assets are
reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase
financial resources. Thus the change in net position differs from the change in fund balances
by the amount of the net loss of \$ (916) and the proceeds from the sale of \$9,000 in the
current period.

(9,916)

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.

56,416

Debt proceeds provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the Statement of Net Position.
Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Position.
This is the amount by which repayments of \$7,939,521 in the current period
exceeded proceeds of \$7,670,000.

269,521

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:

Accrued interest on debt	71,714
Refunding bond loss on new debt	969,848
Prepaid insurance	(93,390)
Compensated absences	(12,560)
Bond premium on new debt	(123,106)
Pension expense	(1,058,342)
Bond premium and deferred loss amortization	(25,201)

Change in Net Position of Governmental Activities

\$ (773,726)

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

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

Exhibit 5

	Business-type Activities- Enterprise Funds		
	Solid Waste Management Fund	Other Fund	Total
<u>ASSETS</u>			
Current Assets			
Cash	\$ 69,105	45,082	114,187
Accounts receivable, net of allowance for doubtful accounts \$374,842	279,738	-	279,738
Due from other funds	22,693	8,390	31,083
Prepaid Items	3,551	1,130	4,681
Total Current Assets	375,087	54,602	429,689
Noncurrent Assets			
Capital assets, net of accumulated depreciation	466,335	4,616	470,951
Total Noncurrent Assets	466,335	4,616	470,951
Total Assets	841,422	59,218	900,640
Deferred Outflows of Resources			
Deferred Outflows-Pensions	197,731	44,775	242,506
Total Deferred Outflows of Resources	197,731	44,775	242,506
<u>LIABILITIES</u>			
Current Liabilities			
Claims payable	28,491	8,797	37,288
Due to other funds	20,830	172,268	193,098
Advances from other funds	116,707	-	116,707
Unearned revenue	65,730	-	65,730
Capital debt			
Capital lease payable	117,793	-	117,793
Non-capital debt			
Compensated absences payable	232	120	352
Total Current Liabilities	349,783	181,185	530,968
Noncurrent Liabilities			
Capital debt			
Capital lease payable	425,982	-	425,982
Non-capital debt			
Compensated absences payable	17,042	1,898	18,940
Net Pension Liability	951,898	214,798	1,166,696
Total Noncurrent Liabilities	1,394,922	216,696	1,611,618
Deferred Inflows of Resources			
Deferred Inflows - Pensions	24,588	5,593	30,181
Total Deferred Inflows of Resources	24,588	5,593	30,181
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	(77,440)	4,616	(72,824)
Restricted for:			
Public works	-	-	-
Unrestricted	(652,700)	(304,097)	(956,797)
Total Net Position	\$ (730,140)	(299,481)	(1,029,621)

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

TATE COUNTY
Statement of Revenues Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2016

Exhibit 6

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 848,692	-	848,692
Charges for sales	-	172,277	172,277
Total Operating Revenues	848,692	172,277	1,020,969
<u>OPERATING EXPENSES</u>			
Personnel services	512,751	100,581	613,332
Contractual services	180,863	30,787	211,650
Pension expense	136,260	30,227	166,487
Utilities	652	-	652
Repairs and maintenance	65,014	12,941	77,955
Other supplies and expenses	66,226	15,246	81,472
Insurance	8,419	3,540	11,959
Depreciation	106,881	-	106,881
Total Operating Expenses	1,077,066	193,322	1,270,388
Operating Income (Loss)	(228,374)	(21,045)	(249,419)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	35	-	35
Intergovernmental grants	-	54,158	54,158
Gain (loss) on sale of capital assets	99,979	-	99,979
Interest expense	(6,931)	-	(6,931)
Other income (expense)	2,403	2	2,405
Net Nonoperating Revenues (Expenses)	95,486	54,160	149,646
Change in Net Position	(132,888)	33,115	(99,773)
Net Position - Beginning	(597,252)	(332,596)	(929,848)
Net Position - Ending	<u>\$ (730,140)</u>	<u>(299,481)</u>	<u>(1,029,621)</u>

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

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

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Solid Waste Management Fund	Other Proprietary Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	947,038	172,277	1,119,315
Cash payments for goods and services	(310,337)	(55,805)	(366,142)
Cash payments to employees	(516,601)	(102,633)	(619,234)
Payments for insurance premiums	(6,069)	(2,552)	(8,621)
Other income (expense)	(57,222)	(12,075)	(69,297)
Net Cash Provided By (Used In) Operating Activities	<u>56,809</u>	<u>(788)</u>	<u>56,021</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Intergovernmental grants received	-	54,158	54,158
Cash paid to other funds:			
Loans to other funds	-	(8,390)	(8,390)
Miscellaneous receipts	<u>2,403</u>	<u>2</u>	<u>2,405</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>2,403</u>	<u>45,770</u>	<u>48,173</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from long term debt	395,854	-	395,854
Purchase of fixed assets	(395,854)	-	(395,854)
Proceeds from the sale of capital assets	271,982	-	271,982
Principal paid on long-term debt	(301,964)	-	(301,964)
Interest paid on debt	(6,931)	-	(6,931)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(36,913)</u>	<u>-</u>	<u>(36,913)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest on deposits	<u>35</u>	<u>-</u>	<u>35</u>
Net Cash Provided By (Used In) Investing Activities	35	-	35
Net Increase (Decrease) in Cash and Cash Equivalents	22,334	44,982	67,316
Cash and Cash Equivalents-Beginning of Year	<u>46,771</u>	<u>100</u>	<u>46,871</u>
Cash and Cash Equivalents-End of Year	<u>\$ 69,105</u>	<u>45,082</u>	<u>114,187</u>
Reconciliation of Operating Income to Net Cash Provided By (Used In)			
Operating Activities:			
Operating Income (Loss)	<u>\$ (228,374)</u>	<u>(21,045)</u>	<u>(249,419)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	106,881	-	106,881
Change in assets and liabilities:			
(Increase) decrease in accounts receivable, net	95,104	-	95,104
(Increase) decrease in prepaid items	2,350	988	3,338
(Increase) decrease in deferred outflows of resources	(50,635)	(11,672)	(62,307)
Increase (decrease) in unearned revenue	3,242	-	3,242
Increase (decrease) in claims payable	2,418	3,169	5,587
Increase (decrease) in compensated absences	(3,850)	(2,052)	(5,902)
Increase (decrease) in net pension liability	116,372	26,771	143,143
Increase (decrease) in deferred inflows of resources	13,301	3,053	16,354
Total adjustments	<u>285,183</u>	<u>20,257</u>	<u>305,440</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 56,809</u>	<u>(788)</u>	<u>56,021</u>

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

TATE COUNTY
Statement of Fiduciary Assets and Liabilities
For the Year Ended September 30, 2016

Exhibit 8

	Agency Funds
<u>ASSETS</u>	
Cash	\$ 281,832
Due from other funds	36,655
Total Assets	<u>\$ 318,487</u>
<u>LIABILITIES</u>	
Other liabilities	\$ 4,820
Due to other funds	313,667
Total Liabilities	<u>\$ 318,487</u>

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

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

expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

C. 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.

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

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

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.

The County reports the following major Enterprise Fund:

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

TATE COUNTY
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 the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

PROPRIETARY FUND TYPE

Enterprise 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 the distribution to other governmental units or designated beneficiaries.

D. 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.

E. 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.

F. Receivables.

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

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

G. Interfund Transactions and Balances.

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

H. Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the cost of such items are accounted for as expenditures in the period of acquisition.

I. Restricted Assets.

General Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, and board resolutions have been reported as restricted assets. 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’ 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.

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 non-capitalization 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

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

full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A
Infrastructure	-	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 assets	*	*

* 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow 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 revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10

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

for additional details.

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.

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 and other commitments.

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

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

Fund Financial Statements:

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

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

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

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

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

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

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

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

Fund Balance Flow Assumption:

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

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

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

P. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measureable 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.

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 the Proprietary Fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Deposits.

The carrying amount of the county’s total deposits with financial institutions at September 30, 2016, was \$5,096,023, and the bank balance was \$5,529,229. 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 27-105-05, 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 the 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 failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in 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 would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transactions and Balances.

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

(See tables on next page.)

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 253,447
General Fund	Solid Waste Management	17,801
General Fund	Nonmajor Enterprise Fund	164,267
Nonmajor Governmental Funds	General Fund	37,010
Nonmajor Governmental Funds	Agency Fund	38,517
Solid Waste Management	Agency Fund	13,313
Solid Waste Management	Nonmajor Enterprise Fund	8,001
Solid Waste Management	General Fund	1,379
Other Enterprise Fund	Agency Fund	8,390
Agency Fund	General Fund	31,668
Agency Fund	Nonmajor Government Funds	1,958
Agency Fund	Solid Waste Management	3,029
Total		<u>\$ 578,780</u>

All interfund loans were made to prevent borrowing from outside sources or due to tax revenue collected but not settled until October 2016. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Management	\$ 116,707
Total		<u>\$ 116,707</u>

These funds represent unpaid indirect cost.

C. Transfers In/Out

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 1,107,850
General Fund	Nonmajor Governmental Funds	247
Total		<u>\$ 1,108,097</u>

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

All interfund transfers were made to prevent borrowing from an outside source. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative Tax Credit	\$ 142,079
State Aid Road Funds	34,301
Due from Agency Funds	258,337
Total	<u>\$ 434,717</u>
	-
Business-type Activities:	
Due from Agency Funds	\$ 18,674
Total	<u>\$ 18,674</u>

(5) Capital Assets.

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

(See table on next page.)

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

	Balance at 10/1/2015	Additions	Deletions	Adjustments	Balance at 9/30/2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,283,727	-	-	-	\$ 1,283,727
Construction in progress	3,810	-	-	-	3,810
Total non-depreciable capital assets	1,287,537	-	-	-	1,287,537
<u>Depreciable capital assets:</u>					
Infrastructure	74,100,627	-	-	-	74,100,627
Buildings	15,509,484	-	-	-	15,509,484
Improvements other than buildings	155,317	-	-	-	155,317
Mobile Equipment	5,016,367	227,531	(159,038)	-	5,084,860
Furniture and equipment	822,960	80,481	(108,421)	-	795,020
Leased equipment	486,259	-	(48,307)	-	437,952
Total depreciable capital assets	96,091,014	308,012	(315,766)	-	96,083,260
<u>Less accumulated depreciation for:</u>					
Infrastructure	50,514,414	191,211	-	-	50,705,625
Buildings	4,008,347	295,174	-	-	4,303,521
Improvements other than buildings	66,492	6,213	-	-	72,705
Mobile Equipment	3,980,772	267,520	(175,431)	-	4,072,861
Furniture and equipment	574,193	53,449	(104,333)	-	523,309
Leased equipment	226,765	74,335	(26,086)	-	275,014
Total accumulated depreciation	59,370,983	887,902	(305,850)	-	59,953,035
Total depreciable capital assets, net	36,720,031	(579,890)	(9,916)	-	36,130,225
Governmental activities capital assets, net	\$ 38,007,568	(579,890)	(9,916)	-	\$ 37,417,762
 Business-type Activities:					
	Balance at 10/1/2015	Additions	Deletions	Adjustments	Balance at 9/30/2016
<u>Depreciable capital assets:</u>					
Mobile Equipment	\$ 182,975	-	-	-	\$ 182,975
Furniture and equipment	13,800	-	-	-	13,800
Leased equipment	571,848	395,854	(373,920)	-	593,782
Total depreciable capital assets	768,623	395,854	(373,920)	-	790,557
<u>Less accumulated depreciation for:</u>					
Mobile Equipment	164,678	-	-	-	164,678
Furniture and equipment	12,420	-	-	-	12,420
Leased equipment	237,544	106,881	(201,917)	-	142,508
Total accumulated depreciation	414,642	106,881	(201,917)	-	319,606
Total depreciable capital assets, net	\$ 353,981	288,973	(172,003)	-	\$ 470,951

Adjustments to capital assets include transfers for completed capital projects to infrastructure, transfers of mobile equipment no longer under lease purchase agreements, and classification corrections.

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

Depreciation expense was charged to the following functions:

Governmental activities:	Amount
General government	\$ 113,034
Public safety	394,585
Public works	331,384
Health and welfare	48,899
Total depreciation expense, governmental activities	<u>\$ 887,902</u>
Business-type activities:	
Solid Waste	\$ 106,881
Other proprietary fund	-
Total depreciation expense, business-type activities	<u>\$ 106,881</u>

Construction in progress balances are for road and bridge projects that are being paid by the Mississippi Office of State Aid Road Construction.

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

Description of Commitment	Remaining Financial Commitment	Expected Date Of Completion
No commitments with respect to unfinished capital projects were noted		

(6) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for the 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.

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

(7) 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	\$ 350,514	\$ 593,782
Furniture and equipment	87,438	-
Total	437,952	593,782
Less: Accumulated Depreciation	275,013	142,509
Leased Property Under Capital Leases	\$ 162,939	\$ 451,273

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

Year Ending September 30	Governmental Activities Principal	Interest	Business-type Activities Principal	Interest
2017	\$ 74,094	\$ 3,181	\$ 177,793	\$ 10,533
2018	62,585	1,573	181,236	7,089
2019	12,162	291	184,746	3,579
Total	\$ 148,841	\$ 5,045	\$ 543,775	\$ 21,201

(8) Short-term Debt and Liquidity.

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

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description.

Tate 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 Employee 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 employed by political subdivisions and instrumentalities 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

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

who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2% 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 credited 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) is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions.

At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary and the County was required to contribute at an actuarially determined rate. The employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. Tate County's contributions (employer share only) to PERS for the year ending September 30, 2016, 2015, and 2014 were \$829,673, \$838,209, and \$830,763, 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 \$14,825,873 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 contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the County's proportion was .083%, which was a decrease of .002% from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,978,030. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 372,446	\$ -
Changes of assumptions	715,765	39,397
Net difference between projected and actual earnings on pension plan investments	1,748,146	-
Changes in the City's proportion and differences between the City's contributions and proportionate share of contributions	-	332,567
City contributions subsequent to the measurement date	202,333	-
Total	\$ 3,038,690	\$ 371,964

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

The \$202,333 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. 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	\$	904,206
2018		785,143
2019		482,156
2020		292,888
	\$	<u>2,464,393</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%
Salary Increases	3.75% – 19.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.0%	5.20%
International Equity	19.0%	5.00%
Emerging Markets Equity	8.0%	5.45%
Fixed Income	20.0%	0.25%
Real Assets	10.0%	4.00%
Private Equity	8.0%	6.15%
Cash	1.0%	-0.50%
Total	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash

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

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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%) or 1 percentage point higher (8.75%) than the current rate.

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
City's proportionate share of the net pension liability	\$ 19,010,093	\$ 14,825,873	\$ 11,354,326

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

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds			
Building Bond-2002	\$ 36,000	5.20	2/1/2017
Refunding Bond - 2016	7,670,000	2.0-3.0	3/1/2029
Health Department Bond	270,000	4.00	10/1/2021
Total General Obligation Bonds	<u>\$ 7,976,000</u>		
B. Capital Leases			
Chip Spreader	\$ 77,955	1.92	8/13/2018
Dura Patcher	22,466	2.14	5/12/2018
John Deere Bushhog	35,655	2.39	2/13/2019
3 Cardiac Defibrillators	12,765	2.75	8/22/2017
Total Capital Leases	<u>\$ 148,841</u>		

TATE COUNTY
Notes to Financial Statements
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Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans			
Fire Truck Loan	\$ 8,505	3.00	6/1/2017
Fire Truck CAP Loan	45,748	2.00	9/21/2019
Fire Truck CAP Loan	85,198	2.00	5/1/2022
Total Other Loans	<u>\$ 139,451</u>		

Business-type Activities:

A. Capital Leases			
Garbage Trucks	\$ 395,854	1.79	6/24/2019
Garbage Trucks	147,921	2.33	7/29/2019
Total Capital Leases	<u>\$ 543,775</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 576,000	\$ 188,886	\$ 37,199	\$ 2,420
2018	605,000	175,925	29,312	1,746
2019	615,000	157,125	29,904	1,150
2020	640,000	139,238	16,758	685
2021	655,000	122,225	15,494	378
2022-2026	3,280,000	437,105	10,784	79
2027-2029	<u>1,605,000</u>	<u>97,607</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,976,000</u>	<u>\$ 1,318,111</u>	<u>\$ 139,451</u>	<u>\$ 6,458</u>

Legal Debt Margin – The amount of debt, excluding specific exempt debt, that can be incurred by the county is limited by state statute. Total outstanding debt during the year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2016, the amount of outstanding debt was equal to 4.56% of the latest property assessments.

Advance Refunding – On April 14, 2016, the County issued \$7,670,000 in general obligation refunding bonds with an average interest rate of 2.36% to advance refund \$7,305,000 of the following outstanding certificates of participation:

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Issue	Average Interest Rate	Outstanding Amount Refunded
Tate County, MS Jail Project Series 2009	4.62%	\$ 3,870,000
Tate County, MS Jail Project Series 2009A	4.63%	<u>3,435,000</u>
Total Advance Refunded		<u><u>\$ 7,305,000</u></u>

The net proceeds of \$8,274,848 (after a premium of \$123,106 and payment of \$279,228 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above certificates of participation to reduce the total debt service payments over the next thirteen (13) years by almost \$428,925 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$189,814.

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	Reductions	Balance 9/30/2016	Amount due within one year
Governmental Activities:					
General Obligation Bonds	\$ 385,000	\$ 7,670,000	\$ 79,000	\$ 7,976,000	\$ 576,000
Capital Leases	266,820	-	117,979	148,841	74,094
Other Loans	7,881,993	-	7,742,542	139,451	37,199
Bond Premium	-	123,106	3,664	119,442	-
Compensated Absences	202,778	12,560		215,338	11,164
Total	<u>\$ 8,736,591</u>	<u>\$ 7,805,666</u>	<u>\$ 7,943,185</u>	<u>\$ 8,599,072</u>	<u>\$ 698,457</u>

Business-type Activities:

Capital Leases	\$ 449,885	\$ 395,854	\$ 301,964	\$ 543,775	\$ 117,793
Compensated Absences	25,194		5,902	19,292	352
Total	<u>\$ 475,079</u>	<u>\$ 395,854</u>	<u>\$ 307,866</u>	<u>\$ 563,067</u>	<u>\$ 118,145</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, each District Road Fund, Solid Waste Management Fund, and the Garbage Disposal Fund.

(11) Deficit Fund Balances of Individual Funds.

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

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

<u>Fund</u>	<u>Deficit Amount</u>
911 Fund	\$ 37,371
Solid Waste Fund	730,140
Garbage Disposal Fund	<u>299,481</u>
Total	<u>\$ 1,066,992</u>

(12) Contingencies.

Federal Grants – The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional on compliance with 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.

(13) Related Organizations.

The Tate County Board of Supervisors is responsible for appointing one member of the board of the Tate County Economic Development Foundation, but the county's accountability for this organization does not extend beyond making appointments. During the year, the county appropriated \$80,000 to this organization.

(14) Joint Venture.

The County participates in the following joint venture:

The County is a participant with DeSoto, Lafayette, Panola, and Tunica counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. The joint venture was created to provide free public library services to the citizens of the respective counties. The First Regional Library is governed by a five member board appointed by the board of supervisors of the participating counties. By contractual agreement, the county's appropriations from the general fund this year to the joint venture amounted to \$168,000. Complete financial statements for the First Regional Library can be obtained from the main library office in Hernando or from the Tate County Chancery Clerk's office.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

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 Tate County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated approximately \$835,011 for support and maintenance of the college in the 2016 fiscal year.

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

North Delta Planning and Development District operates in a district composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tate County Board of Supervisors appoints four of the 30 members of the board of directors, with two being appointed from the business community. The county appropriated \$27,000 for support of the district in the 2016 fiscal year.

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 Tate County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county levied a .75 mill tax for the maintenance and support of the district in the 2016 fiscal year.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tate County Board of Supervisors appoints one of the 30 members of the governing board. The county did not appropriate any funds for the support of the agency in the 2016 fiscal year.

Communicare operates in a district composed of the counties of Calhoun, Lafayette, Marshall, Panola, Tate, and Yalobusha. The Tate County Board of Supervisors appoints one of the seven members of the Board of Commissioners. The county appropriated \$30,000 for support of the district in the 2016 fiscal year.

(16) Effect of Deferred Amounts on Net Position.

The unrestricted net position amount of (\$10,455,626) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$202,333 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$2,836,357 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

The net investment in capital assets net position amount of \$29,902,186 includes the effect of deferring the recognition of expenses resulting from a deferred outflow on refunding of County debt. The \$940,982 balance of the deferred outflow of resources at September 30, 2016 will be recognized as an expense and decrease the net investment in capital assets net position.

The unrestricted net position amount of (\$10,455,626) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$371,964 balance of deferred inflow of resources at September 30, 2016 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$10,455,626) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property taxes that belong to a future period. The balance of the deferred inflow of resources at September 30, 2016 was \$10,461,028.

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition of 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 Tate County evaluated the activity of the county through May 15, 2018, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/30/17	2.33%	\$142,356	Capital Lease	Solid waste receipts

TATE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
<u>REVENUES</u>				
Property taxes	\$ 7,984,708	7,925,861	7,925,863	2
Licenses, commissions and other revenue	731,000	727,919	667,326	(60,593)
Fines and forfeitures	333,000	465,200	465,200	-
Intergovernmental revenue	495,955	639,437	627,407	(12,030)
Charges for services	13,000	13,668	153,693	140,025
Use of money and property	45,010	50,169	51,743	1,574
Miscellaneous	120,000	116,196	48,795	(67,401)
Total Revenues	9,722,673	9,938,450	9,940,027	1,577
<u>EXPENDITURES</u>				
General government	4,559,816	3,771,369	3,790,807	(19,438)
Public safety	5,076,300	4,903,974	4,793,031	110,943
Health and welfare	242,032	233,594	233,593	1
Culture and recreation	168,000	168,000	168,000	-
Conservation of natural resources	107,751	95,908	95,159	749
Economic development and assistance	107,000	121,696	121,696	-
Total Expenditures	10,260,899	9,294,541	9,202,286	92,255
Excess of Revenues				
Over (Under) Expenditures	(538,226)	643,909	737,741	93,832
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in	-	-	257	257
Transfer out	(300,000)	(346,879)	(346,879)	-
Total Other Financing Sources (Uses)	(300,000)	(346,879)	(346,622)	257
Net Changes in Fund Balances	\$ (838,226)	297,030	391,119	94,089
Fund Balance - Beginning of Year			2,380,168	
Fund Balance - End of Year			\$ 2,771,287	

The accompanying notes are an integral part of this schedule.

TATE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.083%	0.085%	0.087%
County's proportionate share of the net pension liability (asset)	\$ 14,825,873	\$ 13,139,324	\$ 10,560,207
County's covered employee payroll	5,305,397	5,322,093	5,305,246
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.45%	246.88%	199.05%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

*The amounts for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented.

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

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 829,673	\$ 838,209
Contributions in relation to the contractually required contribution	<u>829,673</u>	<u>838,209</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
County's covered employee payroll	5,267,765	5,322,093
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

TATE COUNTY

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

UNAUDITED

Budgetary 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 the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor, and Tax 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 the budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>General Fund</u>
Budget (Cash Basis)	\$ 391,119
Increase (Decrease)	
Net adjustments for revenue accruals	31,785
Net adjustments for expenditure accruals	<u>(739,024)</u>
Net Change Fund Basis	<u><u>\$ (316,120)</u></u>

TATE COUNTY

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

UNAUDITED

D. Unbudgeted Funds.

None

Pension Schedules

A. Changes of Assumptions

- 2015

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

- 2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

B. Change in Benefit Provisions

- 2016

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

TATE COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Cameron Walker	Supervisor District 1	RLI Insurance Co.	\$100,000
James Campbell	Supervisor District 2	Travelers Insurance Co.	\$100,000
Tony Sandridge	Supervisor District 3	CNA Surety	\$100,000
William Saunders	Supervisor District 4	Travelers Insurance Co.	\$100,000
Joshua Meredith	Supervisor District 5	Travelers Insurance Co.	\$100,000
Rufus Warren	County Administrator	Travelers Insurance Co.	\$100,000
Jeanne McLemore	Chancery Clerk	Travelers Insurance Co.	\$100,000
Candace Ferguson	Purchase Clerk	Travelers Insurance Co.	\$75,000
Rufus Warren	Assistant Purchase Clerk	M.A.S.I.T.	\$50,000
Sandra Jones	Assistant Purchase Clerk	M.A.S.I.T.	\$50,000
Junior Flippo	Receiving Clerk	M.A.S.I.T.	\$75,000
Mamie Irby	Assistant Receiving Clerk	M.A.S.I.T.	\$50,000
Kenda Blount	Assistant Receiving Clerk	M.A.S.I.T.	\$50,000
Rosalind Reed	Assistant Receiving Clerk	M.A.S.I.T.	\$50,000
Ernie Brents	Assistant Receiving Clerk	M.A.S.I.T.	\$50,000
Dale Welch	Assistant Receiving Clerk	M.A.S.I.T.	\$50,000
James Holts	Assistant Receiving Clerk	M.A.S.I.T.	\$50,000
Troy Cobern	Inventory Control Clerk	Travelers Insurance Co.	\$75,000
Robert Brownlee, Jr.	Constable District 1	Travelers Insurance Co.	\$50,000
Michael Jones	Constable District 2	Travelers Insurance Co.	\$50,000
Pat Kizziah	Coroner	Travelers Insurance Co.	\$10,000
Edward Hadskey	Circuit Clerk	RLI Insurance Co.	\$100,000
William Lance	Sheriff	Travelers Insurance Co.	\$100,000
Malcolm Manning	Justice Court Judge	RLI Insurance Co.	\$50,000
Robert Taylor	Justice Court Judge	RLI Insurance Co.	\$50,000
Mary McAbee	Justice Court Clerk	Travelers Insurance Co.	\$50,000
Lou Ann Thompson	Deputy Justice Court Clerk	M.A.S.I.T.	\$50,000
Stacey Suddoth	Deputy Justice Court Clerk	M.A.S.I.T.	\$50,000
Victor Byrd	Deputy Justice Court Clerk	M.A.S.I.T.	\$50,000
Ernie Brents	Tax Collector	Travelers Insurance Co.	\$100,000
Annette Ashe	Deputy Tax Collector	M.A.S.I.T.	\$50,000
Mike Dickson	Deputy Tax Collector	M.A.S.I.T.	\$50,000
Shelley Robinson	Deputy Tax Collector	M.A.S.I.T.	\$50,000
Kellye Weeks	Deputy Tax Collector	M.A.S.I.T.	\$50,000
Edward Taylor	Tax Assessor	Travelers Insurance Co.	\$50,000
Heather Johnson	Deputy Tax Assessor	M.A.S.I.T.	\$50,000
Jacqueline Luther	Deputy Tax Assessor	M.A.S.I.T.	\$50,000
Peggy Moore	Deputy Tax Assessor	M.A.S.I.T.	\$50,000
Savannah Oglesby	Deputy Tax Assessor	M.A.S.I.T.	\$50,000
Maxine Scruggs	Deputy Tax Assessor	M.A.S.I.T.	\$50,000
Natalie Sowell	Deputy Tax Assessor	M.A.S.I.T.	\$50,000
Linda Weatherly	Deputy Tax Assessor	M.A.S.I.T.	\$50,000

TATE COUNTY

SPECIAL REPORTS

F. O. GIVENS & COMPANY

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Certified Public Accountant

W. BUFORD GIVENS
Certified Public Accountant

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
Tate County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tate County, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 15, 2018.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2016-01, 2016-02, 2016-03, and 2016-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tate 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*.

However, we noted certain matters that we reported to the management of Tate County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk

Schedules and the Limited Internal Control and Compliance Review Management Report Dated May 15, 2018, included within this document.

Tate County's Responses to Findings

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

Purpose of this Report

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



F.O. Givens & Co.

Certified Public Accountants

May 15, 2018

F. O. GIVENS & COMPANY

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Certified Public Accountant

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

Members of the Board of Supervisors
Tate County, Mississippi

We have examined Tate County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. The Board of Supervisors of Tate 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 Tate 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 risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

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

Purchase Clerk

1. Finding

Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order and receiving report for all purchases over \$1,000, except for items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972). Of the items tested, three purchases were made without proper requisitions and purchase orders as required by Section 31-7-103, Miss. Code Ann. (1972). The Board of Supervisors properly withheld payment from the vendor until a judgment was obtained by a court of competent jurisdiction.

Recommendation

The Board of Supervisors should establish corrective policy and procedures to ensure that all purchases are made in accordance with the central purchasing system laws.

Response

All parties have been reminded of the regulatory requirements. Repeat infractions are not expected.

In our opinion, except for the noncompliance referred to in the preceding paragraphs, Tate 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 (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 the aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

This report is intended for the use in evaluating Tate 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.

F.O. Givens & Co.

F.O. Givens & Co.

Certified Public Accountants

May 15, 2018

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tate County, Mississippi

In planning and performing our audit of the financial statements of Tate County, Mississippi for the year ended September 30, 2016, we considered Tate 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 Tate 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 May 15, 2018, on the financial statements of Tate County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within internal control that might be a weakness. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

County Administrator.

- a. Monthly report of expenditures and liabilities incurred against budget should be submitted to Supervisors.

Finding

Section 19-11-23, Miss. Code Ann. (1972), requires a monthly report of expenditures and liabilities incurred against each budget item for the preceding month and fiscal year to date, together with the unexpended balance of each budget item in each fund, to be submitted to the Board of Supervisors. The clerk of the board did not submit the monthly report to the Board of Supervisors.

Recommendation

The County Administrator should submit the required monthly report.

County Administrator's Response

We plan to fully comply in the future.

2. PERS 4B forms should be filed within five days of hire of a PERS retiree.

Finding

According to Section 25-11-127 of Miss. Code Ann. (1972), the Public Employees Retirement System (PERS) requires that it be notified within 5 days when any current retiree receiving retirement benefits from PERS is hired by the County as an employee. The County did not notify PERS when hiring all retirees receiving benefits or did not meet the five day deadline.

Recommendation

The County should ensure PERS is notified using proper forms and meet time deadlines when hiring retirees.

County Administrator's Response

We are making a concerted effort to comply.

Chancery Clerk.

3. Collateral Reports should be filed and reconciled.

Finding

Section 27-105-5 (6) (b) Miss. Code Ann. (1972), states not later than thirty days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balances in those accounts, as of its fiscal year end. The Chancery Clerk did not send the required annual reports of deposit accounts to the State Treasurer's Office nor is the County reconciling the State Treasury Collateral Sufficiency reports to the County's cash balances. As a result, the collateral reserved by the State Treasurer may not be sufficient for Tate County's cash balances.

Recommendation

The Chancery Clerk should send an annual report of the County's accounts to the State Treasurer's Office no later than October 31st and should reconcile the State Treasury Collateral Sufficiency reports to the County's cash balances.

Chancery Clerk's Response

We plan to fully comply with this rule.

4. Receipts for credit card usage should be obtained and monthly report should be filed with Supervisors

Finding

Section 19-3-68, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. County credit cards can only be used for expenses incurred while on official travel status for the county. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of such credit cards. The supervisors and other county employees shall furnish receipts for the use of such credit cards each month to the chancery clerk or purchase clerk who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. An itemized list of expenditures is not being submitted to the board. Also, of the items selected for testing five credit card purchases were made without the Chancery Clerk or Purchase Clerk obtaining a receipt for the purchase. Failure to enforce these requirements could result in the misuse of the credit cards for unauthorized and unallowable expenses.

Recommendation

The Board of Supervisors should ensure that all receipts charged to the County's credit cards are submitted as required. They should also ensure that a monthly report itemizing the expenditures and use of the credit cards is submitted to the Board of Supervisors as required.

Chancery Clerk's Response

We plan to fully comply with these requirements.

5. County signed warrants without sufficient money.

Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Warrants were issued on funds that did not have sufficient money to pay the warrants. At various times during the year, the following funds had negative cash balances:

(a) Garbage Disposal Fund

Failure to have sufficient cash balances in county funds prior to writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

Recommendation

The Chancery Clerk should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Chancery Clerk's Response

Arrangements are being made to avoid this situation going forward.

6. The final amended budget should be recorded in the minutes.

Finding

Section 19-11-11, Miss. Code Ann. (1972), states the board of supervisors shall by resolution, approve and adopt the budget as finally determined, and enter the same at length and in detail in its official minutes. The resolution to approve and adopt the budget as finally determined was recorded in the minutes of the Board of Supervisors, but the actual budget in length and detail was not recorded in the minutes.

Recommendation

The County should ensure the final amended budget is recorded in length in the minutes.

Chancery Clerk's Response

The final amended budget will be made a part of the minutes in detail.

7. The previous year's audit synopsis should be published.

Finding

Section 7-7-221, Miss. Code Ann. (1972), states the County shall publish an audit synopsis of the prior year's audit report. The Clerk of the Board did not publish the report.

Recommendation

The County should publish the prior year's audit synopsis report.

Chancery Clerk's Response

The prior year's audit report will be published as soon as possible.

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

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

F.O. Givens & Co.

F.O. Givens & Co.

Certified Public Accountants

May 15, 2018

TATE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|----------------------|
| 1. Type of auditors' report issued on the financial statements: | <u>Unmodified</u> |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | <u>Yes</u> |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | <u>None Reported</u> |
| 3. Noncompliance material to the financial statements noted? | <u>No</u> |

Section 2: Financial Statement Findings

Material Weaknesses:

2016-1 Inability to prepare financial statements and notes

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

Presently the County does not draft its own financial statements or notes. The process of drafting the financial statements includes making the necessary adjustments to bring the County's records from strictly cash receipts and disbursements to a modified accrual basis of accounting. The modified accrual basis of accounting must then be adjusted to a full accrual basis of accounting to be in accordance with Government Auditing Standards. The County does not presently employ an individual with the above abilities.

Cause:

Financial conditions prevent the County from hiring adequate staff to prepare financial statements.

Effect:

The financial statements could be materially misstated.

Recommendation:

The County should hire someone or contract with a CPA firm to prepare its financial statements.

Response:

We plan to retain a CPA firm to prepare the financial statements.

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

2016-2 All bank accounts should be reconciled

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

The payroll clearing bank accounts are not being reconciled. The bank accounts act as a clearing account for payroll transactions of the County. In theory these accounts should have a zero balance once all outstanding checks have cleared. Due to voided checks and miscellaneous payroll transactions the bank balance less outstanding checks do not equal zero. Without reconciling this account the accumulation of cash in the payroll accounts cannot be properly recorded as liabilities and receivables between funds.

Cause:

The County has not developed proper procedures to insure all bank accounts are reconciled and adjustments made in a timely manner.

Effect:

The County's financial statements could become materially misstated.

Recommendation:

The County should develop procedures to ensure timely reconciliation and adjustments, if needed, in regard to all County bank statements.

Response:

We plan on hiring an accountant to reconcile the payroll clearing account.

2016-3 Lack of Segregation of duties pertaining to the payroll process

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

There is not adequate separation of duties in the payroll process. The same individual generates the payroll, prints the checks, operates the check signing machine, and prepares the checks for delivery to various county departments.

Cause:

The County has not designed internal control procedures for appropriate separation of duties in the payroll process.

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

Effect:

Lack of separation of duties creates opportunity for improper disbursement of county funds.

Recommendation:

Internal control procedures should be developed to prevent a single individual from completing the payroll process from start to finish.

Response:

Due to financial constraints, we have a small staff available for payroll functions.

2016-4 Lack of Segregation of duties pertaining to solid waste transactions

Criteria:

A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Condition:

There is not adequate separation of duties in regard to solid waste transactions. The same individual prepares bills, mails bills, records cash receipts, posts adjustments, posts customers' payments, and prepares the bank deposit.

Cause:

The County has not designed internal control procedures for appropriate separation of duties in solid waste billing and cash receipt processes.

Effect:

One individual having responsibility for billing and cash receipt process from start to finish provides opportunity for loss of county assets.

Recommendation:

Internal control procedures should be developed and implemented for proper separation of duty.

Response:

Limited resources prevent us from having enough staff at the present time to avoid this situation. We use county resources to purchase insurance to try to cover the risk.