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WINSTON COUNTY

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

WINSTON COUNTY

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# SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

Members of the Board of Supervisors  
Winston County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Winston County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Winston County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Winston County. If I can be of any further assistance, please contact me at (601) 397-4419.

Respectfully submitted,



April 26, 2019  
Clinton, Mississippi

POST OFFICE BOX 2201 CLINTON, MISSISSIPPI 39060

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# WINSTON COUNTY

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WINSTON COUNTY

FINANCIAL SECTION

WINSTON COUNTY

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# SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

## INDEPENDENT AUDITOR'S REPORT

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### Opinions

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

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## Other Matters

### *Required Supplementary Information*

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

### *Omitted Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winston County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate(s) directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019, on our consideration of Winston County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Winston County, Mississippi's internal control over financial reporting and compliance.



SHOEMAKER & COMPANY, CPA PLLC  
Clinton, Mississippi  
April 26, 2019

WINSTON COUNTY

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WINSTON COUNTY

FINANCIAL STATEMENTS

WINSTON COUNTY

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WINSTON COUNTY  
Statement of Net Position  
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 7,998,774	695,586	8,694,360
Property tax receivable	2,785,569		2,785,569
Accounts receivable (net of allowance for uncollectibles of \$775,025)		125,821	125,821
Fines receivable (net of allowance for uncollectibles of \$601,105)	53,256		53,256
Capital lease receivable	422,842		422,842
Capital lease interest receivable	78,236		78,236
Intergovernmental receivables	1,696,968	240,187	1,937,155
Other receivables	156,517	9,688	166,205
Internal balances	404,214	(404,214)	-
Restricted assets		1,571,829	1,571,829
Capital assets:			
Land and construction in progress	1,341,525	54,000	1,395,525
Other capital assets, net	34,327,047	3,829,694	38,156,741
Total Assets	49,264,948	6,122,591	55,387,539
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,107,127	769,155	1,876,282
Total deferred outflows of resources	1,107,127	769,155	1,876,282
LIABILITIES			
Claims payable	485,536	221,825	707,361
Retainage payable	13,829		13,829
Intergovernmental payables	220,049		220,049
Accrued interest payable	2,127		2,127
Unearned revenue	54,700		54,700
Amounts held in custody for others	62,813		62,813
Long-term liabilities			
Net pension liability	5,163,155	3,442,103	8,605,258
Due within one year:			
Capital debt	211,561	415,000	626,561
Non-capital debt	30,920		30,920
Due in more than one year:			
Capital debt	1,946,985		1,946,985
Non-capital debt	432,616	18,686	451,302
Total Liabilities	8,624,291	4,097,614	12,721,905
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	311,434	23,177	334,611
Property taxes for future reporting periods	2,785,569		2,785,569
Capital lease interest for future reporting periods	78,236		78,236
Total deferred inflows of resources	3,175,239	23,177	3,198,416
NET POSITION			
Net investment in capital assets	33,510,026	3,468,694	36,978,720
Restricted for:			
Expendable:			
General government	157,479		157,479
Debt service	29,552		29,552
Public safety	392,471		392,471
Public works	2,314,476	177,800	2,492,276
Health and welfare	26,227		26,227
Unemployment compensation	29,039		29,039
Unrestricted	2,113,275	(875,539)	1,237,736
Total Net Position	\$ 38,572,545	2,770,955	41,343,500

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,488,320	412,255	15,056	1,182,092	(878,917)		(878,917)
Public safety	1,399,279	226,739	646,975		(525,565)		(525,565)
Public works	2,263,510		179,280	1,193,745	(890,485)		(890,485)
Health and welfare	115,576		36,232		(79,344)		(79,344)
Culture and recreation	219,142				(219,142)		(219,142)
Education	80,225				(80,225)		(80,225)
Conservation of natural resources	94,196				(94,196)		(94,196)
Economic development and assistance	536,021			334,979	(201,042)		(201,042)
Interest on long-term debt	24,151				(24,151)		(24,151)
Pension expense	631,354				(631,354)		(631,354)
Total Governmental Activities	7,851,774	638,994	877,543	2,710,816	(3,624,421)	-	(3,624,421)
Business-type activities:							
Correctional Facility	3,182,748	2,841,178				(341,570)	(341,570)
Solid Waste Services	532,387	388,327				(144,060)	(144,060)
Total Business-type Activities	3,715,135	3,229,505	-	-		(485,630)	(485,630)
Total Primary Government	\$ 11,566,909	3,868,499	877,543	2,710,816	(3,624,421)	(485,630)	(4,110,051)
General revenues:							
Property taxes					\$ 3,902,333		3,902,333
Road & bridge privilege taxes					215,075		215,075
Grants and contributions not restricted to specific programs					441,535	2,200	443,735
Unrestricted interest income					32,795	6,490	39,285
Miscellaneous					567,519		567,519
Transfers					(213,885)	213,885	-
Total General Revenues					4,945,372	222,575	5,167,947
Changes in Net Position					1,320,951	(263,055)	1,057,896
Net Position - Beginning					37,099,438	3,017,510	40,116,948
Prior period adjustments					152,156	16,500	168,656
Net Position - Beginning, as restated					37,251,594	3,034,010	40,285,604
Net Position - Ending					\$ 38,572,545	2,770,955	41,343,500

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



WINSTON COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2016

Exhibit 3

	Major Funds			
	General Fund	Tornado Relief Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 3,307,584	960,827	3,730,363	7,998,774
Property tax receivable	2,080,861		704,708	2,785,569
Fines receivable (net of allowance for uncollectibles of \$601,105)	53,256			53,256
Capital lease receivable			422,842	422,842
Intergovernmental receivables	128,653	1,500,789	67,526	1,696,968
Other receivables	3,729		64,353	68,082
Due from other funds	60,449	981,186	38,140	1,079,775
Advances to other funds	3,711,085			3,711,085
Capital lease interest receivable			78,236	78,236
Total Assets	\$ 9,345,617	3,442,802	5,106,168	17,894,587
<b>LIABILITIES</b>				
Liabilities:				
Claims payable	\$ 171,049	168,069	146,418	485,536
Retainage payable		13,829		13,829
Intergovernmental payables	220,049			220,049
Due to other funds	1,030,340		2,460	1,032,800
Advances from other funds	4,507	3,260,904		3,265,411
Amounts held in custody for others	62,813			62,813
Other payables	54,700			54,700
Total Liabilities	\$ 1,543,458	3,442,802	148,878	5,135,138
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes receivable	2,080,861		704,708	2,785,569
Unavailable revenue - fines receivable	53,256			53,256
Unavailable revenue - capital lease receivable			422,842	422,842
Unavailable revenue - capital lease interest receivable			78,236	78,236
Total deferred inflows of resources	\$ 2,134,117	-	1,205,786	3,339,903
<b>Fund balances:</b>				
Nonspendable:				
Advances	3,711,085			3,711,085
Restricted for:				
General Government			157,479	157,479
Public Safety			392,471	392,471
Public Works			2,314,476	2,314,476
Health and welfare			26,227	26,227
Debt service			31,679	31,679
Unemployment compensation			29,039	29,039
Assigned for:				
General Government	278,336			278,336
Economic development and assistance			800,133	800,133
Unassigned	1,678,621			1,678,621
Total Fund Balances	\$ 5,668,042	-	3,751,504	9,419,546
Total Liabilities, Deferred Inflows and Fund Balances	\$ 9,345,617	3,442,802	5,106,168	17,894,587

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

## WINSTON COUNTY

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,419,546
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 \$35,259,570.	35,668,572
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines Receivable	53,256
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,622,082)
Net pension obligations are not due and payable in the current period, and, therefore are not reported in the funds.	(5,163,155)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(2,127)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	422,842
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions	1,107,127
Deferred inflows of resources related to pensions	<u>(311,434)</u>
Total Net Position - Governmental Activities	\$ <u><u>38,572,545</u></u>

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

## WINSTON COUNTY

Exhibit 4

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

	Major Funds		Other	Total
	General	Tornado	Governmental	Governmental
	Fund	Relief	Funds	Funds
		Fund		
REVENUES				
Property taxes	\$ 2,938,855		963,478	3,902,333
Road and bridge privilege taxes			215,075	215,075
Licenses, commissions and other revenue	327,530		14,884	342,414
Fines and forfeitures	200,306			200,306
Intergovernmental revenues	429,908	1,704,221	1,895,765	4,029,894
Charges for services			189,825	189,825
Interest income	9,443		23,352	32,795
Miscellaneous revenues	73,749	2,915	478,103	554,767
Total Revenues	3,979,791	1,707,136	3,780,482	9,467,409
EXPENDITURES				
Current:				
General government	2,159,650	1,444,864	222,945	3,827,459
Public safety	1,072,370	12,800	408,760	1,493,930
Public works	19,980	9,040	2,746,920	2,775,940
Health and welfare	107,557			107,557
Culture and recreation	184,277	29,774		214,051
Education	80,225			80,225
Conservation of natural resources	97,538			97,538
Economic development and assistance	20,000	977,959	259,041	1,257,000
Debt service:				
Principal	8,464		236,534	244,998
Interest	646		29,241	29,887
Total Expenditures	3,750,707	2,474,437	3,903,441	10,128,585
Excess of Revenues over (under) Expenditures	229,084	(767,301)	(122,959)	(661,176)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	84,118		46,172	130,290
Proceeds from sale of capital assets			12,752	12,752
Compensation for loss of capital assets				-
Transfers in		981,186	65,000	1,046,186
Transfers out	(1,046,186)	(213,885)		(1,260,071)
Lease principal payments			30,082	30,082
Total Other Financing Sources and Uses	(962,068)	767,301	154,006	(40,761)
Net Changes in Fund Balances	(732,984)	-	31,047	(701,937)
Fund Balances - Beginning, as previously reported	6,477,014	-	3,720,457	10,197,471
Prior period adjustments	(75,988)			(75,988)
Fund Balances - Beginning, as restated	6,401,026	-	3,720,457	10,121,483
Fund Balances - Ending	\$ 5,668,042	-	3,751,504	9,419,546

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

## WINSTON COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (701,937)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$3,236,910 exceeded depreciation of \$861,502 in the current period.	2,375,408
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 \$3,848.	(3,848)
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.	(93,551)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs by the amount that debt repayments of \$244,998 exceeded debt proceeds of \$130,290.	114,708
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:	
Decrease in compensated absences	(3,701)
Decrease in accrued interest payable	5,736
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(30,082)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(631,354)
Recording of contributions made during the year	289,572
Change in Net Position of Governmental Activities	\$ <u><u>1,320,951</u></u>

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

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

Exhibit 5

	Business-type Activities - Enterprise Fund		
	Correctional Facility Fund	Solid Waste Fund	Total
<b>ASSETS</b>			
Current assets:			
Restricted assets - cash	\$ 308,061	387,525	695,586
Accounts receivable (net of allowance for uncollectibles of \$775,025)		125,821	125,821
Intergovernmental receivables	240,187		240,187
Other receivables	9,688		9,688
Due from other funds		11,014	11,014
Advances to other funds	18,895	1,107	20,002
Inventories and prepaid items			-
Total Current Assets	576,831	525,467	1,102,298
Noncurrent assets:			
Restricted assets - cash	1,571,829		1,571,829
Capital assets:			
Land and construction in progress	54,000		54,000
Other capital assets, net	3,537,188	292,506	3,829,694
Total Noncurrent Assets	5,163,017	292,506	5,455,523
Total Assets	5,739,848	817,973	6,557,821
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows relating to pensions	662,449	106,706	769,155
Total Deferred Outflows of Resources	662,449	106,706	769,155
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	133,871	87,954	221,825
Due to other funds	49,943	7,603	57,546
Capital debt:			
Due within one year	415,000		415,000
Total Current Liabilities	598,814	95,557	694,371
Noncurrent liabilities:			
Net pensions liability	3,097,893	344,210	3,442,103
Capital debt:			
Other long-term liabilities			-
Non-capital debt:			
Compensated absences payable	18,556	130	18,686
Advances from other funds	365,144	12,540	377,684
Total Noncurrent Liabilities	3,481,593	356,880	3,838,473
Total Liabilities	4,080,407	452,437	4,532,844
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	21,241	1,936	23,177
Total deferred inflows of resources	21,241	1,936	23,177
<b>NET POSITION</b>			
Net investment in capital assets	3,176,188	292,506	3,468,694
Restricted for:			
Public works		177,800	177,800
Unrestricted	(875,539)		(875,539)
Total Net Position	\$ 2,300,649	470,306	2,770,955

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

## WINSTON COUNTY

Exhibit 6

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

	Business-type Activities - Enterprise Fund		
	Correctional Facility Fund	Solid Waste Fund	Totals
Operating Revenues			
Charges for services	\$ 2,841,178	388,327	3,229,505
Total Operating Revenues	<u>2,841,178</u>	<u>388,327</u>	<u>3,229,505</u>
Operating Expenses			
Personal services	1,520,281	157,089	1,677,370
Pension expense	457,971	67,087	525,058
Contractual services	387,370	174,173	561,543
Materials and supplies	612,051	60,120	672,171
Depreciation expense	138,632	66,315	204,947
Indirect administrative cost	49,943	7,603	57,546
Total Operating Expenses	<u>3,166,248</u>	<u>532,387</u>	<u>3,698,635</u>
Operating Income (Loss)	<u>(325,070)</u>	<u>(144,060)</u>	<u>(469,130)</u>
Nonoperating Revenues (Expenses)			
Interest income	5,511	979	6,490
Intergovernmental grants	2,200		2,200
Interest expense	(16,500)		(16,500)
Net Nonoperating Revenue (Expenses) before capital contributions and transfers	<u>(8,789)</u>	<u>979</u>	<u>(7,810)</u>
Transfers in		213,885	213,885
Changes in Net Position	<u>(333,859)</u>	<u>70,804</u>	<u>(263,055)</u>
Net Position - Beginning, as previously reported	2,618,008	399,502	3,017,510
Prior period adjustment	16,500		16,500
Net Position - Beginning, as restated	<u>2,634,508</u>	<u>399,502</u>	<u>3,034,010</u>
Net Position - Ending	<u>\$ 2,300,649</u>	<u>470,306</u>	<u>2,770,955</u>

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



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

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Correctional Facility Fund	Solid Waste Fund	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,856,444	385,226	3,241,670
Payments to suppliers	(1,019,275)	(158,717)	(1,177,992)
Payments to employees	(1,694,776)	(179,131)	(1,873,907)
Net Cash Provided (Used) by Operating Activities	<u>142,393</u>	<u>47,378</u>	<u>189,771</u>
Cash Flows From Noncapital Financing Activities			
Intergovernmental grants received	2,200		2,200
Cash received from other funds:			
Operating transfers in		213,885	213,885
Interfund loan repayments		10,330	10,330
Principal paid to other funds	(410,000)		
Interest expense	(16,500)		
Cash paid to other funds:			
Interfund loan repayments		(11,014)	(11,014)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(424,300)</u>	<u>213,201</u>	<u>215,401</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(11,509)	(244,440)	(255,949)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11,509)</u>	<u>(244,440)</u>	<u>(255,949)</u>
Cash Flows From Investing Activities			
Interest on deposits	5,511	979	6,490
Net Cash Provided (Used) by Investing Activities	<u>5,511</u>	<u>979</u>	<u>6,490</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(287,905)	17,118	155,713
Cash and Cash Equivalents at Beginning of Year	<u>2,167,795</u>	<u>370,407</u>	<u>2,538,202</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,879,890</u>	<u>387,525</u>	<u>2,267,415</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (325,070)	(144,060)	(469,130)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	138,632	66,315	204,947
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	15,266	(3,101)	12,165
(Increase) decrease in other receivables			-
Increase (decrease) in claims payable	(21,176)	74,592	53,416
Increase (decrease) in compensated absences liability	1,876	(1,607)	269
Increase (decrease) in interfund payables	49,943	7,603	57,546
Increase (decrease) in liabilities and deferred inflows (outflows) related to recognition of PERS liability	282,922	47,636	330,558
Total Adjustments	<u>467,463</u>	<u>191,438</u>	<u>658,901</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 142,393</u>	<u>47,378</u>	<u>189,771</u>

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

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

Exhibit 8

	Agency Funds
ASSETS	
Cash and investments	\$ 226,973
Total Assets	\$ 226,973
LIABILITIES	
Claims payable	\$ 38,964
Intergovernmental payables	99,574
Due to other funds	443
Advances from other funds	87,992
Total Liabilities	\$ 226,973

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



# WINSTON COUNTY

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

### (1) Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

Winston 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 Winston 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 reporting units 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-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 and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

## WINSTON COUNTY

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

#### Fund Financial Statements:

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

#### 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 all activities of the general government for which a separate fund has not been established.

Tornado Relief Fund – This fund is used to account for all revenues and expenditures received and incurred related to the April 28, 2014 tornado.

The county reports the following major Enterprise Funds:

Correctional Facility Fund – This fund is used to account for all activities related to the operation of the correctional facility.

Solid Waste Fund – This fund is used to account for all activities associated with the disposal of solid waste within the county.

Additionally, the County reports the following fund types:

# WINSTON COUNTY

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

### GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

### PROPRIETARY FUND TYPES

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

### FIDUCIARY FUND TYPE

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

#### 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 allowances for uncollectible accounts, where applicable.

#### 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 reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not

# WINSTON COUNTY

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

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. Restricted Assets.

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the County’s enterprise fund revenue bonds, as well as certain resources set aside for the repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “capitalized interest” account is funded by bank bond proceeds and is used to pay the related interest due on revenue bonds prior to the completion of construction of the project. The “debt service reserve” account is used to report resources set aside to subsidize potential deficiencies from the County’s operation that could adversely affect debt service payments. The “project fund” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “startup costs” account is used to report resources set aside to provide funds required to fund startup costs associated with the project. The “bond issuance expense” account is used to segregate resources set aside to pay bond issue costs. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

### I. Capital Assets.

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

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

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



# WINSTON COUNTY

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

		Capitalization Thresholds	Estimated Useful Life
Land	\$	-	N/A
Infrastructure		-	20-50 years
Buildings		50,000	40 years
Improvement other than buildings		25,000	20 years
Mobile equipment		5,000	5-10 years
Furniture and equipment		5,000	3-7 years
Leased property under capital leases		*	*

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

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See note 15 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.

Interest on capital lease receivable for future reporting period/unavailable revenue – interest on capital lease receivable – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

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

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 15 for additional details.

## WINSTON COUNTY

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

#### K. Pensions.

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

#### L. Long-term Liabilities.

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

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

In the fund financial statements, Governmental Fund Types recognize bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

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

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

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

Fund Financial Statements:

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

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

## WINSTON COUNTY

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

*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 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 principal balance of a permanent fund.

*Assigned fund balance* includes the 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 non-spendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by a board order established in the minutes of the Board of Supervisors meetings.

*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.

#### Net Position Flow Assumption:

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

#### N. Property Tax Revenues.

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

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

# WINSTON COUNTY

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

month that coincides with the month of original purchase.

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

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

(2) Prior Period Adjustments.

A summary of significant fund equity adjustments are as follows:

Exhibit 2 - Statement of Activities - Governmental Activities

<u>Explanation</u>	<u>Amount</u>
Unrecorded construction in progress at September 30, 2016	\$ 228,144
Correction for Justice Court collection fee	(62,813)
Errors in prior year receivables	(13,175)
Total prior period adjustments	\$ <u>152,156</u>

Exhibit 2 - Statement of Activities - Business-type Activities

<u>Explanation</u>	<u>Amount</u>
Error in prior year accrued interest payable	\$ 16,500
Total prior period adjustment	\$ <u>16,500</u>



# WINSTON COUNTY

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

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

Explanation	Amount
<b>General Fund</b>	
Correction for Justice Court collection fee	\$ (62,813)
Errors in prior year receivables	(13,175)
Total prior period adjustments - Governmental Funds	<u>\$ (75,988)</u>

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

Explanation	Amount
<b>Correctional Facility Fund</b>	
Error in prior year accrued interest payable	\$ 16,500
Total prior period adjustment - Proprietary Funds	<u>\$ 16,500</u>

(3) Deposits.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$7,998,774 for governmental funds, \$2,267,415 for business-type funds, \$226,973 for agency funds, and the bank balance was \$10,568,599. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. 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.

(4) Interfund Transactions and Balances.

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

A. Due From/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 2,460
General Fund	Correctional Facility Fund	49,943
General Fund	Solid Waste Fund	7,603
General Fund	Agency Funds	443
Tornado Relief Fund	General Fund	981,186
Other Governmental Funds	General Fund	38,140
Solid Waste Fund	General Fund	11,014
Total		<u>\$ 1,090,789</u>

# WINSTON COUNTY

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

The amount due to the General Fund from the Correctional Facility Fund and Solid Waste Fund represents indirect administrative costs incurred during the September 30, 2016 fiscal year. The amount due to the General Fund from the Agency Funds represents interest earned on the payroll clearing account that was not transferred before fiscal year end. The amount to the Tornado Relief Fund from the General Fund represents a loan to pay for expenditures incurred due to storm until the expenditures are reimbursed with FEMA/MEMA funds. The amount payable to the Solid Waste and Other Governmental Funds represents ad valorem taxes collected by the Tax Collector in September 2016 but not remitted to the County until October 2016. All current interfund balances are expected to be repaid within one year from the date of the financial statements.

### B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Tornado Relief Fund	\$ 3,260,904
General Fund	Correctional Facility Fund	365,144
General Fund	Solid Waste Fund	12,540
General Fund	Agency Funds	72,497
Correctional Facility Fund	General Fund	4,507
Correctional Facility Fund	Agency Fund	14,388
Solid Waste Fund	Agency Funds	1,107
Total		\$ 3,731,087

The amount due to the General Fund from the Correctional Facility Fund and Solid Waste Fund represents indirect administrative costs incurred during previous fiscal years that have never been paid to the General Fund. The amount due to the General Fund from the Tornado Relief Fund represents expenditures for damages incurred during the April 28, 2014 tornado paid in prior years out of the General Fund that have not been repaid. The amounts payable to the General Fund, Correctional Facility Fund and Solid Waste Fund from Agency Funds and General Funds is due to posting errors which occurred in prior years that have not been repaid. The amount payable to the Correctional Facility Fund from the General Fund represents posting errors which occurred in previous years that have not been repaid.

### C. Transfers In/Out:

Transfers In	Transfers Out	Amount
Tornado Relief Fund	General Fund	\$ 981,186
Other Governmental Funds	General Fund	65,000
Solid Waste Fund	Tornado Relief Fund	213,885
Total		\$ 1,260,071

All interfund transfers were routine and consistent with the activities of the fund making the transfer.

# WINSTON COUNTY

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

### (5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015, consisted of the following:

Description	Amount
<b><u>Governmental Activities:</u></b>	
Legislative Tag Credit	\$ 114,954
FEMA/MEMA Reimbursement	1,500,789
Motor Vehicle Fuel Tax	50,536
Motor Vehicle Licenses	9,250
Various Commissions E911	11,001
Help American Vote Act	4,749
Department of Health and Human Services	3,762
Other	1,927
Total Governmental Activities	\$ <u>1,696,968</u>

Description	Amount
<b><u>Business-type Activities:</u></b>	
MDOC reimbursement for housing prisoners	\$ 218,822
Other local government payments for housing prisoners	21,165
Other	200
Total Governmental Activities	\$ <u>240,187</u>

### (6) Restricted Assets.

The balances of the restricted asset accounts in the Correctional Facility funds are as follows:

Revenue	\$ 5,589
Excess revenue	629,691
Debt service reserve	417,429
Depreciation and operating reserve	503,060
2013 bond fund	16,060
Total	\$ <u>1,571,829</u>

# WINSTON COUNTY

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

(7) Capital Assets.

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

**Governmental Activities:**

	Oct. 1, 2015	Additions	Deletions	Adjustments*	Sept. 30, 2016
Non-depreciable capital assets:					
Land	677,164				677,164
Construction in progress	3,494,699	3,082,064		(5,912,402)	664,361
Total non-depreciable capital assets	4,171,863	3,082,064		(5,912,402)	1,341,525
Depreciable capital assets					
Infrastructure	49,627,647			1,093,492	50,721,139
Buildings	6,099,490			5,047,054	11,146,544
Improvements other than buildings	426,496				426,496
Mobile equipment	6,126,534	22,971	38,489	124,638	6,235,654
Furniture and equipment	502,488				502,488
Leased property under capital leases	547,059	131,875		(124,638)	554,296
Total depreciable capital assets	63,329,714	154,846	38,489	6,140,546	69,586,617
Less accumulated depreciation for:					
Infrastructure	25,481,638	514,539			25,996,177
Buildings	3,112,925	123,130			3,236,055
Improvements other than buildings	151,223	17,060			168,283
Mobile equipment	5,068,417	130,618	34,641	44,870	5,209,264
Furniture and equipment	445,156	13,746			458,902
Leased property under capital leases	173,350	62,409		(44,870)	190,889
Total accumulated depreciation	34,432,709	861,502	34,641		35,259,570
Total depreciable capital assets, net	28,897,005	(706,656)	3,848	6,140,546	34,327,047
Governmental activities capital assets, net	33,068,868	2,375,408	3,848	228,144	35,668,572

# WINSTON COUNTY

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

### **Business-type Activities:**

	<u>Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Sept. 30, 2016</u>
Non-depreciable capital assets:					
Land	54,000				54,000
Total non-depreciable capital assets	54,000				54,000
Depreciable capital assets					
Buildings	5,229,560				5,229,560
Mobile equipment	696,134	244,440			940,574
Furniture and equipment	344,544	11,510			356,054
Total depreciable capital assets	6,270,238	255,950			6,256,188
Less accumulated depreciation for:					
Buildings	1,757,501	104,591			1,862,092
Mobile equipment	514,535	78,896			593,431
Furniture and equipment	219,511	21,460			240,971
Total accumulated depreciation	2,491,547	204,947			2,696,494
Total depreciable capital assets, net	3,778,691	51,003			3,829,694
Business-type activities capital assets, net	3,832,691	51,003			3,883,694

\*Adjustment represent construction in progress incurred in the prior year that was unreported at September 30, 2015, completed construction that was transferred to depreciable assets and leased equipment to mobile equipment along with a transfer of a capital asset form business type activities to governmental activities.

Depreciation expense was charged to the following functions:

### Governmental Activities:

General Government	\$ 17,861
Public safety	68,630
Public works	651,015
Health and welfare	8,019
Culture and recreation	5,091
Economic development and assistance	110,886
Total governmental activities depreciation expense	\$ <u>861,502</u>

### Business-type Activities:

Solid Waste	\$ 66,315
Correctional facility	138,632
Total governmental activities depreciation expense	\$ <u>204,947</u>

### (8) Claims and Judgments.

#### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool.

# WINSTON COUNTY

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

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

### (9) Operating Leases.

As Lessor:

On January 1, 2012, Winston County entered into an operating lease agreement with Teters Floral Products, Inc. for the lease of certain property located at 923 South Church Avenue in Louisville, Mississippi. The operating lease stipulated that the lease would pay approximately \$350,000 for the first year with an annual increase of \$11,400 for each year thereafter commencing January 1, 2012 for three years with the option to renew for two additional periods of three years each. The lease was renewed in January of 2015, for \$755,226 over a three year period.

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$278,972 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

Year Ending September 30,	Amount
2017	251,742
2018	251,742
Total Minimum Payments Required	\$ 503,484

### (10) Capital Leases.

As Lessor:

On March 24, 2008, Winston County entered into a capital lease agreement with Polo Custom Products, Inc. and the City of Louisville, Mississippi to lease certain real property, buildings and all other improvements located at 907 West Main Street, Louisville, MS. The lease agreement stipulated that the lessee, Polo Custom Products would pay approximately \$7,210 per month commencing on June 15, 2008 for a period of twenty years. Half would be paid to Winston County and half to the City of Louisville. The lessee shall have the option to purchase the property at the end of the twenty years for \$100.

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

Description	Amount
Buildings	\$ 438,500
Other	130,000
Total	\$ 568,500

# WINSTON COUNTY

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

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

Year ending September 30,	Principal	Interest
2017	\$ 28,378	\$ 11,275
2018	31,860	11,398
2019	32,829	10,429
2020	33,828	9,431
2021	34,857	8,402
2022-2026	190,847	25,444
2027-2031	70,243	1,857
Total	\$ <u>422,842</u>	\$ <u>78,236</u>

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
Mobile Equipment	\$ 554,296
Less: Accumulated Depreciation	<u>(190,889)</u>
Lease Property under Capital Lease	\$ <u>363,407</u>

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

Year ended September 30,	Governmental Activities	Interest
	Principal	
2017	\$ 111,561	\$ 4,951
2018	97,703	2,210
2019	33,053	829
2020	24,563	209
Total	\$ <u>266,880</u>	\$ <u>8,199</u>

# WINSTON COUNTY

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

(11) Long-term Debt.

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

Description	Amount Outstanding	Interest Rate	Final Maturity
<b><u>Governmental Activities:</u></b>			
<b>A. Capital Leases:</b>			
2011 Volvo Excavator	\$ 6,563	1.74%	January 2017
2014 Mack Dump Truck	60,137	2.04%	July 2018
Volvo Motor Grader	58,431	2.01%	June 2018
(3) Sheriff Vehicles	19,923	1.74%	April 2016
(3) Sheriff Vehicles	75,654	1.92%	April 2020
Kubota Tractor	46,172	1.99%	September 2020
	<u>\$ 266,880</u>		
<b>B. Other Loans:</b>			
CAP Loan for Polo Industries	\$ 425,382	3.00%	May 2028
TVA Loan	1,891,667	Variable	August 2035
	<u>\$ 2,317,049</u>		
<b><u>Business-type Activities:</u></b>			
<b>A. Limited Obligation Bonds:</b>			
Regional Correctional Facility Revenue Bond	\$ 415,000	Various	September 2017
Total Limited Obligation Bonds	<u>415,000</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,	Other Loans	
	Principal	Interest
2017	\$ 130,920	26,175
2018	131,860	24,485
2019	132,829	22,766
2020	133,828	21,019
2021	134,857	19,240
2022-2026	690,848	68,391
2027-2031	570,241	26,063
2032-2036	391,666	5,873
Total	<u>\$ 2,317,049</u>	<u>214,012</u>



# WINSTON COUNTY

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

### **Business-type activities:**

Year Ending September 30,	Limited Obligation Bonds	
	Principal	Interest
2017	\$ 415,000	8,300
Total	\$ 415,000	8,300

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 1.73% of the latest property assessments.

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

<b>Governmental Activities:</b>	Balance	Additions	Reductions	Balance	Amount due Within one year
	Oct. 1, 2015			Sept. 30, 2016	
Compensated absences	\$ 41,854		3,701	38,153	
Capital leases	251,466	130,290	114,876	266,880	111,561
Other loans	2,447,171		130,122	2,317,049	130,920
Total	\$ 2,740,491	130,290	248,699	2,622,082	242,481

<b>Business-type Activities:</b>	Balance	Additions	Reductions	Balance	Amount due Within one year
	Oct. 1, 2015			Sept. 30, 2016	
Compensated absences	\$ 18,417	269		18,686	
Limited obligation bonds	825,000		410,000	415,000	415,000
Total	\$ 843,417	269	410,000	433,686	415,000

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

### (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 upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

## WINSTON COUNTY

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

#### (13) Joint Ventures.

The County participates in the following joint ventures:

Winston County is a participant with the City of Louisville in a joint venture, authorized by Section 65-3-5, Miss Code. Ann. (1972), to operate the Louisville/Winston County Airport Authority. The joint venture was created to improve economic development and is governed by a five-member board of commissioners appointed as follows: Winston County, two; City of Louisville, two; jointly, one. By contractual agreement, the county's appropriation to the joint venture was \$7,750 in fiscal year 2016. Complete financial statements can be obtained from the Louisville/Winston County Airport Authority at P.O. Box 1022, Louisville, MS 39339.

Winston County is a participant with the City of Louisville, Louisville Chamber of Commerce and the Town of Noxapater in a joint venture, authorized by Section 19-5-99, Miss. Code. Ann. (1972), to operate the Winston County Economic Development District. The joint venture was created to foster, encourage and facilitate economic development in the county and is governed by a seven member board of trustees appointed as follows: Winston County Board of Supervisors, two; City of Louisville, two; Louisville Chamber of Commerce, one; Town of Noxapater, one; jointly, one. By contractual agreement, the county's appropriation to the joint venture was \$76,781 in fiscal year 2016. Complete financial statements can be obtained from the Winston County Economic Development District at P.O. Box 551, Louisville, MS 39339.

Mid-Mississippi Regional Library System was organized under a contract between the counties of Attala, Holmes, Leake, Montgomery and Winston. The joint venture was created to provide free library service to the citizens for the member counties. The Winston County Board of Supervisors appoints one of the five members of the board of directors. By contractual agreement, the county's appropriation to the joint venture was \$161,000 in the fiscal year 2016. Complete financial statements can be obtained from the library at Winston County Library, 301 Park Street, Louisville, MS 39339.

#### (14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Winston County Board of Supervisors appoints six of the 30 members of the College Board of Trustees. The County appropriated \$270,136 for maintenance and support of the College in fiscal year 2016.

Golden Triangle Planning and Development District provide services for the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Winston County Board of Supervisors appoints four of the 28 members of the Board of Directors. The County contributes a small percentage of the District's total revenue. The County appropriated \$12,500 for the support of the District in fiscal year 2016.

Community Counseling Services operates in a district composed of the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Winston County Board of Supervisors appoints one of the seven members of the board of commissioners. The county appropriated \$19,500 for support of the complex in fiscal year 2016.

Prairie Opportunity, Inc., operates in a district composed of the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Winston County Board of Supervisors appoints one of

## WINSTON COUNTY

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

the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These 14 board members are not appointed by the county Board of Supervisors. The counties generally provide no financial support to the organization.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Winston County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

#### (15) Defined Benefit Pension Plan

##### *General Information about the Pension Plan*

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's 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.

# WINSTON COUNTY

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

The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$485,391, \$491,841, and \$486,280, 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 in the Governmental Activities of \$5,163,155 and in the Business-type Activities of \$3,442,103 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the County's proportion was 0.048175 percent, which was a decrease of 0.001625 percent from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$631,354 in Governmental Activities and \$525,058 in Business-type Activities. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 216,844	
Net difference between projected and actual earnings on pension plan investments	1,017,560	
Changes of assumptions	419,043	22,867
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	92,627	311,744
County contributions subsequent to the measurement date	<u>130,208</u>	
Total	\$ <u>1,876,282</u>	<u>334,611</u>

\$130,208 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2017	\$ 523,216
2018	448,418
2019	269,830
2020	<u>169,999</u>
Total	<u>1,411,463</u>



# WINSTON COUNTY

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using 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, 2015, are summarized in the following table:

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

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

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

# WINSTON COUNTY

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 11,033,870	8,605,258	6,590,297

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

### (16) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Winston County evaluated the activity of the County through April 26, 2019, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

The county has received the following grant reimbursements:

Grant	Date Received		Amount
Mississippi Emergency Management Agency	11/10/2016	\$	51,170
Mississippi Emergency Management Agency	3/14/2017	\$	335,998
Mississippi Emergency Management Agency	4/4/2017	\$	216,563
Mississippi Emergency Management Agency	5/16/2017	\$	547,174
Mississippi Development Authority	5/16/2018	\$	54,975
Mississippi Development Authority	6/21/2018	\$	79,790
Mississippi Development Authority	9/11/2018	\$	192,467
Mississippi Emergency Management Agency	10/22/2018	\$	119,888

WINSTON COUNTY

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WINSTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION



WINSTON COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,792,713	2,792,713	2,925,844	133,131
Licenses, commissions and other revenue	257,050	257,050	327,649	70,599
Fines and forfeitures	200,000	200,000	200,952	952
Intergovernmental revenues	650,000	650,000	555,481	(94,519)
Interest income	12,200	12,200	9,425	(2,775)
Miscellaneous revenues	91,400	91,400	71,185	(20,215)
Total Revenues	<u>4,003,363</u>	<u>4,003,363</u>	<u>4,090,536</u>	<u>87,173</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,604,324	2,604,324	2,288,991	315,333
Public safety	977,146	977,146	972,900	4,246
Public works	12,572	12,572	19,980	(7,408)
Health and welfare	109,005	109,005	102,560	6,445
Culture and recreation	205,078	205,078	171,685	33,393
Education	469,826	469,826	136,219	333,607
Conservation of natural resources	116,066	116,066	95,848	20,218
Economic development and assistance	20,000	20,000	20,000	-
Debt service:				
Principal			8,464	(8,464)
Interest			646	(646)
Total Expenditures	<u>4,514,017</u>	<u>4,514,017</u>	<u>3,817,293</u>	<u>696,724</u>
Excess of Revenues over (under) Expenditures	<u>(510,654)</u>	<u>(510,654)</u>	<u>273,243</u>	<u>783,897</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	2,000,000	2,000,000	-	(2,000,000)
Transfers in				-
Transfers out	(1,840,000)	(1,840,000)	(65,000)	1,775,000
Total Other Financing Sources and Uses	<u>160,000</u>	<u>160,000</u>	<u>(65,000)</u>	<u>(225,000)</u>
Net Change in Fund Balance	(350,654)	(350,654)	208,243	558,897
Fund Balances - Beginning	<u>3,821,645</u>	<u>6,402,566</u>	<u>6,046,104</u>	<u>(356,462)</u>
Fund Balances - Ending	<u>\$ 3,470,991</u>	<u>6,051,912</u>	<u>6,254,347</u>	<u>202,435</u>

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

WINSTON COUNTY  
Budgetary Comparison Schedule -  
Budget and Actual (Non-GAAP Basis)  
Tornado Relief Fund  
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 7,058,456	7,058,456	2,133,970	(4,924,486)
Miscellaneous revenues			2,916	2,916
Total Revenues	<u>7,058,456</u>	<u>7,058,456</u>	<u>2,136,886</u>	<u>(4,921,570)</u>
EXPENDITURES				
Current:				
General government	2,417,627	2,417,627	2,456,359	(38,732)
Public safety			31,912	(31,912)
Public works			9,040	(9,040)
Health and welfare	300,000	300,000	213,885	86,115
Culture and recreation	213,134	213,134	43,273	169,861
Economic development and assistance	6,627,695	6,627,695	936,810	5,690,885
Total Expenditures	<u>9,558,456</u>	<u>9,558,456</u>	<u>3,691,279</u>	<u>5,867,177</u>
Excess of Revenues over (under) Expenditures	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(1,554,393)</u>	<u>945,607</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,000	1,500,000		(1,500,000)
Total Other Financing Sources and Uses	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>
Net Change in Fund Balance	(1,000,000)	(1,000,000)	(1,554,393)	(554,393)
Fund Balances - Beginning	<u>-</u>	<u>(3,883,453)</u>	<u>(984,778)</u>	<u>2,898,675</u>
Fund Balances - Ending	<u>\$ (1,000,000)</u>	<u>(4,883,453)</u>	<u>(2,539,171)</u>	<u>2,344,282</u>

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

WINSTON 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)	0.048175%	0.0498%	0.0504%
County's proportionate share of the net pension liability (asset)	\$ 8,605,258	7,699,419	6,114,845
County's covered-employee payroll	\$ 3,081,848	3,122,800	3,087,492
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.22%	246.55%	198.05%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 491,992	491,841	486,280
Contributions in relation to the contractually required contribution	<u>485,391</u>	<u>491,841</u>	<u>486,280</u>
Contribution deficiency (excess)	<u>\$ 6,601</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 3,081,848	3,122,800	3,087,492
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

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

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

WINSTON COUNTY

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# WINSTON COUNTY

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

### 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, the Tax Assessor and the 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 budgetary estimates will not be met, it may make revisions to the budget.

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

#### B. Basis of Presentation.

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

#### C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Tornado Relief Fund</u>
Budget (Cash Basis)	\$ 208,243	\$ (1,554,393)
Increase (Decrease		
Net adjustment for revenue accruals	(26,627)	551,436
Net adjustment for expenditure accruals	(914,600)	1,002,957
GAAP Basis	\$ <u>(732,984)</u>	\$ <u>-</u>

## WINSTON COUNTY

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

#### Pension Schedules

##### A. Changes in Benefit Terms.

None

##### B. Changes in Assumptions.

In 2015 and later, the expectations 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. In 2015, the expectation of disabled 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.



WINSTON COUNTY

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WINSTON COUNTY

SUPPLEMENTAL INFORMATION

WINSTON COUNTY

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

Federal Grantor/ Pass-through Grantor/ Program Title of Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture (Passed-through the National Forestry Service)			
Schools and Roads - Grants to States	10.665		\$ 98,847
Total U.S. Department of Agriculture			98,847
U.S. Department of Justice Direct			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Triad	4,900
Total U.S. Department of Justice			4,900
U.S. Department of Transportation/Federal Highway Administration (Passed-through the Mississippi Department of Transportation)			
Highway Planning and Construction	20.205	BR NBIS 083 B (80)	21,240
Total U.S. Department of Transportation			21,240
U.S. Election Assistance Commission (Passed-through the Office of the Mississippi Secretary of State)			
Help America Vote Act	90.401	HAVA	4,749
Total U.S. Election Assistance Commission			4,749
Federal Emergency Management Agency (Passed-through the Mississippi Emergency Management Agency)			
Disaster Grants - Public Assistance for Presidentially Declared Disasters*	97.036	FEMA-4175-DR-MS	1,916,754
Total Federal Emergency Management Agency			1,916,754
Total Expenditures of Federal Awards			2,046,490

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Winston County, Mississippi under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Winston County, Mississippi, it is not intended to and does not present the financial position, changes in net position, or cash flows of Winston County, Mississippi.
- (2) After a Presidentially Declared Disaster, Federal Emergency Management Agency (FEMA) provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The Federal Government reimburses in the form of cost-share grants.

Note B - Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

\* Denotes major federal award program

WINSTON COUNTY

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WINSTON COUNTY

OTHER INFORMATION

WINSTON COUNTY

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

Name	Position	Company	Bond
Jmaes "Burr" Warner	Supervisor District One	Fidelity and Deposit Company of Maryland	\$ 100,000
Luke Parkes	Supervisor District Two	Fidelity and Deposit Company of Maryland	\$ 100,000
Marion Jordan	Supervisor District Three	Fidelity and Deposit Company of Maryland	\$ 100,000
Ralph Goss	Supervisor District Four	Fidelity and Deposit Company of Maryland	\$ 100,000
Larry Duran	Supervisor District Five	Fidelity and Deposit Company of Maryland	\$ 100,000
Julie Cunningham	Chancery Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Debbie Sullivan	Comptroller/Payroll Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Kelli Rives	Purchase Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Jewel Dixon	Accounts Payable	Fidelity and Deposit Company of Maryland	\$ 100,000
Jewel Dixon	Receiving Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Gary Martin	Receiving Clerk District One	Fidelity and Deposit Company of Maryland	\$ 100,000
Don Kemp	Receiving Clerk District Two	Fidelity and Deposit Company of Maryland	\$ 100,000
Chester Triplett	Receiving Clerk District Three	Fidelity and Deposit Company of Maryland	\$ 100,000
Amzi Triplett	Receiving Clerk District Four	Fidelity and Deposit Company of Maryland	\$ 100,000
Larry Boatner	Receiving Clerk District Five	Fidelity and Deposit Company of Maryland	\$ 100,000
Kim Ming	Circuit Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Melissa Fulton	Circuit Clerk Deputy	Fidelity and Deposit Company of Maryland	\$ 100,000
Cathy Edwards	Circuit Clerk Deputy	Fidelity and Deposit Company of Maryland	\$ 100,000
Robert Beck	Justice Court Judge	Fidelity and Deposit Company of Maryland	\$ 100,000
Mike Fuller	Justice Court Judge	Fidelity and Deposit Company of Maryland	\$ 100,000
Janet Jackson	Justice Court Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Erma Smith	Deputy Justice Court Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Darlene Bane	Tax Assessor-Collector	Fidelity and Deposit Company of Maryland	\$ 100,000
Wanda Coward	Deputy Tax Assessor-Collector	Fidelity and Deposit Company of Maryland	\$ 100,000
Maxine Robertson	Deputy Tax Assessor-Collector	Fidelity and Deposit Company of Maryland	\$ 100,000
Vera Wells	Deputy Tax Assessor-Collector	Fidelity and Deposit Company of Maryland	\$ 50,000
Merida Coleman	Deputy Tax Assessor-Collector	Old Republic Surety Company	\$ 50,000
Roy Dale Fulton	Constable	Fidelity and Deposit Company of Maryland	\$ 50,000
Edward Hunt	Constable	Fidelity and Deposit Company of Maryland	\$ 50,000
Jason Pugh	Sheriff	Fidelity and Deposit Company of Maryland	\$ 100,000
Neal Higgason	Chief Deputy Sheriff	Fidelity and Deposit Company of Maryland	\$ 100,000
Keith Alexander	Deputy Sheriff	Fidelity and Deposit Company of Maryland	\$ 100,000
Demetrice Cheatham	Sheriff Deputy Clerk	Fidelity and Deposit Company of Maryland	\$ 50,000
Timothy Palmer	Warden - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Terry Harris Porter	Payroll Clerk - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Phyllis Sullivan	Assistant Purchase Clerk - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Betty Cockrell	Assistant Receiving Clerk - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Monica Gill	Receiving Clerk - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Kathy Graham	Inventory Control Clerk	Fidelity and Deposit Company of Maryland	\$ 100,000
Jeffery Deshun Davis	Inventory Control Clerk - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Betty Cockrell	Inmate Accounts Officer - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Melissa Mills	Booking Officer - WCCRF	Fidelity and Deposit Company of Maryland	\$ 100,000
Phyllis Little-Jenkins	Receiving-Booking Clerk - WCCRF	Western Surety Company	\$ 25,000

WINSTON COUNTY

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WINSTON COUNTY

SPECIAL REPORTS

WINSTON COUNTY

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# SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

## 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  
Winston 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 *Governmental 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 Winston County, Mississippi (the County), as of and for the year ended September 30, 2016, which collectively comprise the county's basic financial statements and have issued our report thereon dated April 26, 2019.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2016-001 and 2016-002 that we consider to be material weaknesses.

### Compliance and Other Matters

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

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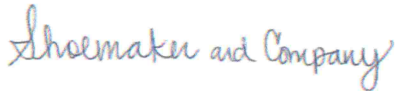
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The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This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

#### **Purpose of this Report**

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

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SHOEMAKER & COMPANY, CPA PLLC  
April 26, 2019

WINSTON COUNTY

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# SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

Members of the Board of Supervisors  
Winston County, Mississippi

### Report on Compliance for Each Major Federal Program

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

### Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Winston County, Mississippi's major federal program(s) based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winston County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Winston County, Mississippi's compliance.

### Opinion on Each Major Federal Program

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

### Report on Internal Control Over Compliance

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

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expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Shoemaker and Company*

SHOEMAKER & COMPANY, CPA PLLC  
April 26, 2019

WINSTON COUNTY

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# SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

Members of the Board of Supervisors  
Winston County, Mississippi

We have examined Winston 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 Winston 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 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 Winston County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Winston County, Mississippi, complied in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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

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

*Shoemaker and Company*

SHOEMAKER & COMPANY, CPA PLLC  
April 26, 2019

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WINSTON COUNTY

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

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

WINSTON COUNTY

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CERTIFIED PUBLIC ACCOUNTANTS, PLLC

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Winston County, Mississippi

In planning and performing our audit of the financial statements of Winston County, Mississippi for the year ended September 30, 2016, we considered Winston 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 Winston County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 26, 2019, on the financial statements of Winston County, Mississippi.

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

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

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SHOEMAKER & COMPANY, CPA PLLC  
Clinton, Mississippi  
April 26, 2019

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WINSTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WINSTON COUNTY

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# WINSTON COUNTY

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

### Section 1: Summary of Auditor's Results

#### ***Financial Statements:***

1. Type of auditor's report issued on the financial statements
 

Governmental Activities	Unmodified
General Fund	Unmodified
Tornado Relief Fund	Unmodified
Business-type Activities	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiencies identified that are not considered to be material weaknesses? None Reported
3. Noncompliance material to the financial statements noted? No

#### ***Federal Awards:***

4. Internal control over major federal programs:
  - a. Material weakness identified? No
  - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance With section \_\_.510(a) of OMB Circular A-133? No
7. Identification of major federal programs:
  - a. CFDA #97.036 – Disaster grants – Public Assistance for Presidentially Declared Disasters
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as a low-risk auditee? No

WINSTON COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2016

Section 2: Financial Statement Findings

Board of Supervisors and Justice Court Clerk.

Finding 2016-001

Material Weakness

Collection fees should be remitted timely and should not be collected beyond the term of the contract

Criteria:

Effective internal controls should include the timely reconciliation of account balances.

Condition:

The Winston County (the "County") contracted with a third party for collection services through contract that ended on December 31, 2011. However, the County continued to collect this collection fee until July of 2018. The fees collection that were owed to the third party were never remitted to the third party. The fees collected after December 31, 2011 have not been refunded to the original payee.

Cause:

The County has not implemented adequate internal controls such as the timely reconciliation of account balances to ensure that monies collected are justified by law or contract and that monies collected are remitted on a timely basis to the appropriate entity.

Effect:

Failure to perform timely account reconciliations could result in a misstatement of the financial statements.

Recommendation:

The Board of Supervisors should ensure the County's system of internal control includes the timely reconciliation of account balances to ensure that fees collected are recorded, remitted and reported completely and accurately

Justice Court Clerk's Response:

The County is addressing this through additional policies and procedures.

Justice Court Clerk.

Finding 2016-002

Material Weakness

Segregation of duties in the Justice Court Clerk's office should be strengthened

Criteria:

Effective internal controls should include adequate segregation of duties. Segregation of duties is the separation of the authority, custody, and accounting of an operation so that one individual cannot complete a transaction from start to finish.

Condition:

Collection, disbursement, recording and reconciliation functions are not adequately segregated in the Justice Court Clerk's office. The Justice Court Clerk has access to collections, prepares the daily check-up sheets,

WINSTON COUNTY

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prepares bank deposits, reconciles the bank statements, writes and signs all checks for disbursement, and makes the monthly settlements.

Cause:

The Justice Court Clerk's office has not implemented adequate segregation of duties or compensating internal controls to mitigate risk of one individual performing so that there is separation of the authority, custody, and accounting of operations.

Effect:

Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Lack of adequate segregation of duties can increase the risk of management override of existing internal controls and could result in a loss of public funds.

Recommendation:

The Justice Court Clerk should design, implement and monitor an effective system of internal controls including an adequate segregation of duties. If size and financial considerations present challenges to attaining adequate segregation of duties then management should consider if this risk could be mitigated through the design of the internal control system by including additional levels of review, reviewing randomly selected transactions and their supporting documentation, taking periodic assets counts, checking reconciliations, etc.

Justice Court Clerk's Response:

The County is addressing this through additional policies and procedures.

Section 3: Federal Award Findings and Questioned Costs:

The results of our tests did not disclose any findings and questioned costs related to federal awards.