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YAZOO COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2016



YAZOO COUNTY

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YAZOO COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion on Governmental Activities, Business-type Activities and Yazoo County Regional Jail Fund

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

Qualified Opinions

In our opinion, except for the effects of the matter discussed in “Basis for Qualified Opinions on Governmental Activities, Business-type Activities and Yazoo County Regional Jail Fund”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and Yazoo County Regional Jail Fund, of Yazoo County, Mississippi, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

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

Adverse Opinion

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

America.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

The accompanying Schedule of Expenditures of Federal Awards and Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are 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 February 28, 2019, on our consideration of Yazoo County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yazoo County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

February 28, 2019

YAZOO COUNTY

FINANCIAL STATEMENTS

YAZOO COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 10,194,625	1,293,873	11,488,498
Property tax receivable	6,801,166		6,801,166
Fines receivable, net	77,427		77,427
Intergovernmental receivables	162,518	665,253	827,771
Other receivables	7,987		7,987
Internal balances	(155,720)	155,720	-
Land and construction in progress	2,935,124	75,000	3,010,124
Other capital assets, net	56,394,839	12,078,112	68,472,951
Restricted assets:			
Investments		1,293,546	1,293,546
Total Assets	<u>76,417,966</u>	<u>15,561,504</u>	<u>91,979,470</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	2,501,753	549,166	3,050,919
Deferred amount on refunding	34,408		34,408
Total Deferred Outflows of Resources	<u>2,536,161</u>	<u>549,166</u>	<u>3,085,327</u>
LIABILITIES			
Claims payable	187,903	64,829	252,732
Intergovernmental payables	283,994		283,994
Matured bonds and interest payable	48,110		
Accrued interest payable	35,000	203,641	238,641
Amounts held in custody for others	262,456		262,456
Other payables			-
Claims and judgments payable	191,223		191,223
Long-term liabilities			
Net pension liability	12,171,862	2,671,872	14,843,734
Due within one year:			
Capital related debt	1,454,209	734,790	2,188,999
Due in more than one year:			
Capital related debt	3,746,657	14,591,692	18,338,349
Non-capital debt	208,812	50,155	258,967
Total Liabilities	<u>18,590,226</u>	<u>18,316,979</u>	<u>36,907,205</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	339,152	74,448	413,600
Property tax for future reporting period	6,801,166		6,801,166
Total Deferred Inflows of Resources	<u>7,140,318</u>	<u>74,448</u>	<u>7,214,766</u>
NET POSITION			
Net investment in capital assets	54,163,505	(3,173,370)	50,990,135
Restricted:			
Expendable:			
Debt service	556,123		556,123
General Government	409,673		409,673
Public safety	665,503	892,613	1,558,116
Public works	4,008,208		4,008,208
Health and welfare	52,862		52,862
Conservation of natural resources	-		-
Economic development	248,071		248,071
Unemployment compensation	137,018		137,018
Capital projects	60		60
Unrestricted	(7,017,440)		(7,017,440)
Total Net Position	<u>\$ 53,223,583</u>	<u>(2,280,757)</u>	<u>50,942,826</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,411,609	624,218	61,187	656,764	(3,069,440)		(3,069,440)
Public safety	3,184,962	554,273	185,986	6,414	(2,438,289)		(2,438,289)
Public works	6,951,665	23,314	63,055	1,862,572	(5,002,724)		(5,002,724)
Health and welfare	700,482		540,910		(159,572)		(159,572)
Culture and recreation	196,423				(196,423)		(196,423)
Conservation of natural resources	154,764				(154,764)		(154,764)
Economic development and assistance	115,165		195,760		80,595		80,595
Interest on long-term debt	110,735				(110,735)		(110,735)
Pension expense	1,612,697				(1,612,697)		(1,612,697)
Total Governmental Activities	17,438,502	1,201,805	1,046,898	2,525,750	(12,664,049)		(12,664,049)
Business-type activities:							
Regional jail	6,027,422	3,804,995				(2,222,427)	(2,222,427)
Total Business-type Activities	6,027,422	3,804,995				(2,222,427)	(2,222,427)
Total Primary Government	\$ 23,465,924	5,006,800	1,046,898	2,525,750	(12,664,049)	(2,222,427)	(14,886,476)
General revenues:							
Property taxes					\$ 10,565,720		10,565,720
Road & bridge privilege taxes					277,716		277,716
Grants and contributions not restricted to specific programs					1,919,374		1,919,374
Unrestricted investment income					115,857	285	116,142
Miscellaneous					135,719	1,753	137,472
Gain (Loss) on disposal and sale of assets					75,466		75,466
Total General Revenues					13,089,852	2,038	13,091,890
Changes in Net Position					425,803	(2,220,389)	(1,794,586)
Net Position - Beginning, as previously reported					52,669,483	41,863	52,711,346
Prior period adjustments					128,297	(102,231)	26,066
Net Position - Beginning, as restated					52,797,780	(60,368)	52,737,412
Net Position - Ending					\$ 53,223,583	(2,280,757)	50,942,826

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

YAZOO COUNTY
Balance Sheet – Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds		Other	Total
	General	Road	Governmental	Governmental
	Fund	Fund	Funds	Funds
ASSETS				
Cash	\$ 4,071,847	2,414,093	3,708,685	10,194,625
Property tax receivable	3,539,004	1,975,000	1,287,162	6,801,166
Fines receivable, net	77,427			77,427
Intergovernmental receivables	138,064		24,454	162,518
Other receivables	7,987			7,987
Advances to other funds	63,571			63,571
Due from other funds		62,973	31,779	94,752
Total Assets	<u>7,897,900</u>	<u>4,452,066</u>	<u>5,052,080</u>	<u>17,402,046</u>
LIABILITIES				
Claims payable	50,785	103,494	33,624	187,903
Claims and judgments payable	191,223			191,223
Intergovernmental payables	276,482			276,482
Advances from other funds			52,000	52,000
Due to other funds	269,555			269,555
Matured bonds and interest payable			48,110	48,110
Amounts held in custody	262,456			262,456
Total Liabilities	<u>1,050,501</u>	<u>103,494</u>	<u>133,734</u>	<u>1,287,729</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,539,004	1,975,000	1,287,162	6,801,166
Unavailable revenue - fines	77,427			77,427
Total Deferred Inflows of Resources	<u>3,616,431</u>	<u>1,975,000</u>	<u>1,287,162</u>	<u>6,878,593</u>
FUND BALANCES				
Nonspendable:				
Advances	63,571			63,571
Restricted for:				
General government			332,246	332,246
Public safety			665,503	665,503
Public works		2,373,572	1,634,636	4,008,208
Health and welfare			52,862	52,862
Economic development and assistance			248,071	248,071
Capital projects			60	60
Unemployment compensation			137,018	137,018
Debt service			591,123	591,123
Unassigned	3,167,397		(30,335)	3,137,062
Total Fund Balances	<u>3,230,968</u>	<u>2,373,572</u>	<u>3,631,184</u>	<u>9,235,724</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,897,900</u>	<u>4,452,066</u>	<u>5,052,080</u>	<u>17,402,046</u>

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

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

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 9,235,724
Amounts reported for governmental services 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 \$80,502,605.	59,329,963
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	77,427
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(5,409,678)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(12,171,862)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(35,000)
Deferred amount on refunding	34,408
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	2,501,753
Deferred inflows of resources related to pensions	(339,152)
Total Net Position - Governmental Activities	\$ <u>53,223,583</u>

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

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

	Major Funds		Other	Total
	General	Road	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES				
Property taxes	\$ 4,910,430	3,166,239	2,489,051	10,565,720
Road and bridge privilege taxes		277,716		277,716
Licenses, commissions and other revenue	467,778		8,603	476,381
Fines and forfeitures	219,605		2,728	222,333
Intergovernmental revenues	2,258,155	1,731,049	1,502,818	5,492,022
Charges for services	132,650		444,937	577,587
Interest income	101,089	5,982	8,786	115,857
Miscellaneous revenues	62,747	65,616	7,356	135,719
Total Revenues	8,152,454	5,246,602	4,464,279	17,863,335
EXPENDITURES				
Current:				
General government	4,669,072		690,221	5,359,293
Public safety	2,723,413		926,205	3,649,618
Public works		6,145,496	1,455,392	7,600,888
Health and welfare	160,914		579,377	740,291
Culture and recreation	193,485		2,938	196,423
Conservation of natural resources	144,162		18,952	163,114
Economic development and assistance	3,032		148,589	151,621
Debt service:				
Principal	119,681	1,369,088	959,650	2,448,419
Interest	2,478	23,182	76,847	102,507
Bond issue costs				-
Total Expenditures	8,016,237	7,537,766	4,858,171	20,412,174
Excess of Revenues over (under) Expenditures	136,217	(2,291,164)	(393,892)	(2,548,839)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	104,973	2,227,420	765,246	3,097,639
Proceeds from sale of capital assets	61,000	927,107	220,000	1,208,107
Transfers in		273,644	63,106	336,750
Transfers out	(63,106)		(273,644)	(336,750)
Total Other Financing Sources and Uses	102,867	3,428,171	774,708	4,305,746
Net Changes in Fund Balances	239,084	1,137,007	380,816	1,756,907
Fund Balances - Beginning, as previously reported	2,791,626	1,236,565	3,250,368	7,278,559
Prior period adjustment	200,258			200,258
Fund Balances - Beginning, as restated	2,991,884	1,236,565	3,250,368	7,478,817
Fund Balances - Ending	\$ 3,230,968	2,373,572	3,631,184	9,235,724

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

**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 Change in Fund Balances - Governmental Funds	\$ 1,756,907
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 outlays of \$5,454,100 exceeded depreciation of \$3,999,108 in the current period.	1,454,992
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the amount of the net gain of \$75,466 and the proceeds from the sale of \$1,208,107 in the current period	(1,132,641)
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.	(74,496)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$3,097,639 exceeded debt repayments of \$2,448,419, and related amortization of premium of \$2,471.	(646,749)
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. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Amortization of refunding charges on long-term debt	(2,917)
Compensated absences payable	6,477
Accrued interest payable	(7,782)
Items reported in the Statement of Activities relating to GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current year	(1,612,697)
Recording of contributions made for the current year	684,709
Change in Net Position of Governmental Activities	\$ <u>425,803</u>

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

YAZOO COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2016

Exhibit 5

	Business-Type Activities Enterprise Fund Regional Jail
ASSETS	
Current assets:	
Cash	\$ 1,293,873
Accounts receivable	665,253
Due from other funds	167,291
Total Current Assets	<u>2,126,417</u>
Noncurrent assets:	
Restricted assets	
Investments - cash equivalent	1,293,546
Capital assets:	
Land	75,000
Other capital assets, net	12,078,112
Total Noncurrent Assets	<u>13,446,658</u>
Total Assets	<u>15,573,075</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	549,166
Total Deferred Outflows of Resources	<u>549,166</u>
LIABILITIES	
Current liabilities:	
Claims payable	64,829
Advances from other funds	11,571
Accrued interest payable	203,641
Capital related debt - current	734,790
Total Current Liabilities	<u>1,014,831</u>
Noncurrent liabilities:	
Capital related debt:	
Other long-term liabilities	14,591,692
Non-capital debt:	
Compensated absences payable	50,155
Net pension liability	2,671,872
Total Noncurrent Liabilities	<u>17,313,719</u>
Total Liabilities	<u>18,328,550</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	74,448
Total Deferred Inflows of Resources	<u>74,448</u>
NET POSITION	
Net investment in capital assets	(3,173,370)
Restricted for public safety	892,613
Total Net Position	<u>\$ (2,280,757)</u>

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

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

	<u>Business-Type</u> <u>Activities</u> <u>Enterprise Fund</u> <u>Regional Jail</u>
Operating Revenues	
Charges for services	\$ 3,804,995
Other income	1,753
Total Operating Revenues	<u>3,806,748</u>
Operating Expenses	
Personal services	1,490,418
Contractual services	788,515
Materials and supplies	316,952
Depreciation expense	283,874
Pension expense	354,007
Total Operating Expenses	<u>3,233,766</u>
Operating Income (Loss)	<u>572,982</u>
Nonoperating Revenues (Expenses)	
Interest revenue	285
Interest expense	(2,350,341)
Bond issuance cost	(443,315)
Net nonoperating Revenue (Expenses)	<u>(2,793,371)</u>
Change in Net Position	<u>(2,220,389)</u>
Net Position - Beginning, as previously reported	41,863
Prior period adjustment	(102,231)
Net Position - Beginning, as restated	<u>(60,368)</u>
Net Position - Ending	\$ <u><u>(2,280,757)</u></u>

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

**Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2016**

	Business-Type Activities Enterprise Fund Regional Jail
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,303,150
Payments to suppliers	(1,340,686)
Payments to employees for services	(1,156,090)
Other operating cash receipts	1,724
Net Cash Provided (Used) by Operating Activities	<u>808,098</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	15,336,324
Principal paid on debt	(14,042,704)
Interest paid on debt	(2,225,173)
Other payments	(443,315)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,374,868)</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>285</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>285</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(566,485)
Cash and Cash Equivalents at Beginning of Year	<u>3,153,904</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,587,419</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating income (Loss)	<u>572,982</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	283,874
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivable	(35,877)
(Increase) decrease in interfund receivable	(167,291)
(Increase) decrease in deferred outflows of resources	(132,152)
Increase (decrease) in claims payable	(55,135)
Increase (decrease) in compensated absences liability	5,839
Increase (decrease) in net pension liability	312,359
Increase (decrease) in deferred inflows of resources	<u>23,499</u>
Total Adjustments	<u>235,116</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 808,098</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 289,482
Due from other funds	7,512
	<hr/>
Total Assets	<u>296,994</u>
LIABILITIES	
Other liabilities	234,548
Intergovernmental payables	<u>62,446</u>
	<hr/>
Total Liabilities	<u>\$ 296,994</u>

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

- Yazoo County Port Commission

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

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

Yazoo County Human Resource Agency - The mission of the agency is to provide human services to people in need in that meet the general and specialized needs of the citizens of Yazoo County.

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, 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.

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

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. 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 non-operating.

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

The County reports the following major Governmental Funds:

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

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

The County reports the following major Enterprise Fund:

Yazoo County Regional Jail – This fund is used to account for the County's activities of the regional jail.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that

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

periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Inter-fund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Inter-fund 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".

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

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 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 asset costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

* 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.

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

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

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

K. Pensions.

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

L. Long-term Liabilities.

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

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

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

discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, 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 "net investment in capital assets."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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.

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

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

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues.

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

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

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

O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because

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

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

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

A summary of significant equity adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities.

Explanation	Amount
To adjust accounts payable for mistake in accrual for jail expenses owed by the general fund	200,258
To adjust for long term debt payment previously unrecognized	23,646
To correct prior year implementation of GASB 68 and 71:	
Net pension liability	(117,760)
Deferred outflows of resources	250,809
Deferred inflows of resources	(232,100)
To adjust recording error in infrastructure capital assets	19,695
To correct fines receivable previously recognized	(16,251)
Total prior period adjustments	\$ 128,297

Exhibit 2 - Statement of Activities - Business-type Activities.

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

Explanation	Amount
To adjust accounts receivable for mistake in accrual for jail expenses owed by the general fund	(200,258)
To correct prior year implementation of GASB 68 and 71:	
Net pension liability	115,906
Deferred outflows of resources	33,070
Deferred inflows of resources	(50,949)
Total prior period adjustments	\$ (102,231)

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

Explanation	Amount
To adjust accounts payable for mistake in accrual for jail expenses owed by the general fund	200,258
Total prior period adjustments	\$ 200,258

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

NOTE 3 – DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$11,777,980 and the bank balance was \$12,373,494. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Yazoo County Regional Correctional Facility.

Investments balances at September 30, 2016, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Government Money Market Fund	Less than one year	\$ 1,293,546	AAAm

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

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

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

NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Fund	General Fund	\$ 62,973
Other Governmental Funds	General Fund	31,779
Agency Funds	General Fund	7,512
Proprietary Fund	General Fund	167,291
Total		<u>\$ 269,555</u>

The receivables listed in road, agency and other governmental funds of \$101,722 are the tax revenues collected but not settled until October, 2016, and amounts due to the Law Library Fund of \$542. The amount payable to the Proprietary Fund of \$167,291 represents the amount due from the general fund for the housing of prisoners. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Proprietary Fund	\$ 11,571
General Fund	Other Governmental Funds	52,000
Total		<u>\$ 63,571</u>

Amounts listed represent amounts paid in 2010 for the Regional Jail construction and matching funds to start up Human Resource Agency federal programs in fiscal year 2005.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Road Fund	Other Governmental Funds	\$ 273,644
Other Governmental Funds	General Fund	63,106
Total		<u>\$ 336,750</u>

The transfers were to allocate the following: to provide funds for Human Resource Agency grant matches, \$63,106; and payback for contractual services provided by the road fund to the economic development fund, \$273,644.

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

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 124,793
Homeland security grants	13,271
Human resources agencies grants	24,454
Total Governmental Activities	<u>\$ 162,518</u>

Description	Amount
Business-type Activities:	
State of Mississippi for housing inmates	\$ 665,253
Total Business-type Activities	<u>\$ 665,253</u>

NOTE 6 – OTHER RECEIVABLES.

The other receivables at September 30, 2016, consisted of the following:

Description	Amount
Tax collector receivable	\$ 7,987
Total Governmental Activities	<u>\$ 7,987</u>

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

NOTE 7 – CAPITAL ASSETS.

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

Governmental Activities	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 1,383,543				1,383,543
Construction-in-progress	839,953	1,186,478		(474,850)	1,551,581
Total non-depreciable capital assets	2,223,496	1,186,478	-	(474,850)	2,935,124
Depreciable capital assets:					
Infrastructure	114,478,158	18,779		380,962	114,877,899
Buildings	6,398,999	893,567		93,888	7,386,454
Improvements other than buildings	3,425,186				3,425,186
Mobile equipment	4,541,434	187,443	572,033	1,445,812	5,602,656
Furniture and equipment	997,664	70,194	13,500	374,402	1,428,760
Capital leases	5,240,146	3,097,639	2,369,167	(1,792,129)	4,176,489
Total depreciable capital assets	135,081,587	4,267,622	2,954,700	502,935	136,897,444
Less accumulated depreciation for:					
Infrastructure	66,396,521	2,850,759			69,247,280
Buildings	2,376,073	148,285			2,524,358
Improvements other than buildings	2,740,149				2,740,149
Mobile equipment	3,473,708	370,524	506,215	575,650	3,913,667
Furniture and equipment	879,840	59,786	7,290	241,579	1,173,915
Capital leases	2,450,875	569,754	1,308,554	(808,839)	903,236
Total accumulated depreciation	78,317,166	3,999,108	1,822,059	8,390	80,502,605
Total depreciable capital assets, net	56,764,421	268,514	1,132,641	494,545	56,394,839
Capital assets, net	\$ 58,987,917	1,454,992	1,132,641	19,695	59,329,963
Business-type Activities					
Non-depreciable capital assets:					
Land	\$ 75,000				75,000
Total non-depreciable capital assets	75,000	-	-	-	75,000
Depreciable capital assets:					
Buildings	14,020,892				14,020,892
Mobile equipment	49,965				49,965
Furniture and equipment	33,513				33,513
Capital leases	19,188				19,188
Total depreciable capital assets	14,123,558	-	-	-	14,123,558
Less accumulated depreciation for:					
Buildings	1,682,514	280,419			1,962,933
Mobile equipment	44,969				44,969
Furniture and equipment	30,634				30,634
Capital leases	3,455	3,455			6,910
Total accumulated depreciation	1,761,572	283,874	-	-	2,045,446
Total depreciable capital assets, net	12,361,986	(283,874)	-	-	12,078,112
Capital assets, net	\$ 12,436,986	(283,874)	-	-	12,153,112

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

Depreciation expense was charge to the following functions:

Governmental Activities	<u>Amount</u>
General government	\$ 215,016
Public safety	171,806
Public works	3,608,910
Economic development	3,376
Total	<u>\$ 3,999,108</u>
 Business-type Activities	
Correctional facility	<u>\$ 283,874</u>

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
State aid road infrastructure	\$ Undetermined	Undetermined

NOTE 8 – CLAIMS AND JUDGMENTS.

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

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

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

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

	2015	2016
Unpaid Claims, Beginning of Fiscal Year	\$ 233,695	417,967
Plus: Incurred Claims (Including IBNRs)	2,670,746	1,959,218
Less: Claims payments	(2,486,474)	(2,185,962)
Unpaid Claims, End of Fiscal Year	\$ 417,967	191,223

NOTE 9 – CAPITAL LEASES.

As Lessee

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

Classes of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 3,773,125	19,188
E-911Viper Upgrade	287,026	
Defibulators	116,338	
Total	4,176,489	19,188
Less: Accumulated depreciation	903,236	6,910
Leased Property Under Capital Leases	\$ 3,273,253	12,278

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

Year Ending September 30:	Principal	Interest	Principal	Interest
	Governmental Activities		Business-type Activities	
2017	\$ 989,307	58,458	4,790	200
2018	844,267	37,947	4,890	101
2019	746,130	20,631		
2020	61,960	5,377		
2021	49,208	1,295		
Total	\$ 2,690,872	123,708	9,680	301

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).

Plan Description

The Yazoo County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Yazoo County Board of Supervisors. The County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and

YAZOO COUNTY, MISSISSIPPI
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offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as an agent multiple-employer health care plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The County does not issue a publicly available financial report for the Plan.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution

YAZOO COUNTY, MISSISSIPPI
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requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$835,010, \$834,148, and \$835,199, respectively, equal to the required contributions for each year.

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

At September 30, 2016 the County reported a liability of \$14,843,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was 0.0831 percent, which was based on a measurement date of June 30, 2016. This was a decrease of 0.002 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,966,704. 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	\$ 372,440	
Net difference between projected and actual earnings on pension plan investments	1,748,201	
Changes of assumptions	714,081	39,445
Changes in the proportion and differences between County contributions and proportionate share of contributions		374,155
County Contributions subsequent to the measurement date	216,197	
	<u>\$ 3,050,919</u>	<u>413,600</u>

The \$216,197 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:	Amount
2017	\$ 874,392
2018	766,519
2019	486,970
2020	293,241
Total	<u>\$ 2,421,122</u>

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

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

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

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

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

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

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

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

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
County's proportionate share of the net pension liability	\$ 19,032,996	\$ 14,843,734	\$ 11,368,006

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

NOTE 12 – LONG TERM DEBT

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
2010 refunding bond	\$ 735,000	3.000 to 3.500 %	02-2020
2012 general obligation bond	1,640,000	1.600 to 2.250	10-2021
Total General Obligation Bonds	<u>\$ 2,375,000</u>		
B. Other Loans			
Fire trucks	\$ 121,761	2.00	04-2019
Total Other Loans	<u>\$ 121,761</u>		
C. Capital Leases:			
Rescue Boat	\$ 22,028	2.183	07-2018
Patrol Cars	33,853	1.600	12-2016
Sheriff Truck	12,577	2.180	08-2018
Sheriff Vehicles	34,901	2.295	04-2018
Sheriff Vehicles	18,361	2.295	02-2018
Emergency Mgt Vehicle	17,933	2.375	12-2018
2 Mack Trucks	46,435	1.900	06-2017
Tractor & Mower	24,597	1.560	10-2016
Caterpillar Excavator	135,618	2.135	04-2018
Macktruck & backhoes	1,658,199	1.480	06-2019
Caterpillar Loader	43,328	1.620	04-2017
E-911 Viper Upgrade	274,769	6.470	06-2021
2016 Garbage Trucks	340,692	2.295	02-2019
Defibrulators	13,688	4.590	10-2016
Econ Dev Director Vehicle	13,893	2.375	01-2019
Total Capital Leases	<u>\$ 2,690,872</u>		

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Bond			
Regional Jail Refunding 2016	\$ 14,165,000	2.750 to 5.000	07-2031
Total Bond	<u>\$ 14,165,000</u>		
B. Capital Lease			
2014 Dodge Ram 1500	\$ 9,680	2.030 %	11-2017
Total Capital Lease	<u>\$ 9,680</u>		

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

Year ending September 30:	Governmental Activities				Business-type Activities	
	General obligation bonds		Other loans		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 420,000	20,762	44,902	2,025	730,000	501,338
2018	435,000	41,497	45,808	1,119	800,000	479,438
2019	450,000	30,979	31,051	233	825,000	455,438
2020	470,000	19,334			860,000	422,438
2021	295,000	10,034			890,000	388,038
2022-2026	305,000	3,431			4,955,000	1,436,890
2027-2031					5,105,000	485,345
Total	<u>\$ 2,375,000</u>	<u>126,037</u>	<u>121,761</u>	<u>3,377</u>	<u>14,165,000</u>	<u>4,168,925</u>

Pledge of Future Revenues –The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay, \$14,165,000 in limited obligation urban renewal revenue bonds issued in June, 2016. Proceeds from the bonds were used to refund the urban renewal revenue bonds issued to provide financing for the construction of the Yazoo County Regional Correctional Facility (YCRCF). The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through July, 2031. The total principal and interest remaining to be paid on the bonds is \$18,333,925.

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2016, the amount of outstanding debt was equal to 0.75% of the latest property assessments.

YAZOO COUNTY, MISSISSIPPI
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September 30, 2016

Advance Refunding - On July 1, 2016, the County issued \$14,165,000 in revenue refunding bonds with an average interest rate of 3.53% to advance refund \$14,225,000 of the following outstanding bond issue:
Yazoo County Limited Obligation Urban Renewal Revenue Bonds

The net proceeds of \$14,957,296 (after receipt of bond proceeds of \$14,165,000 and premium of \$1,171,324, payment of \$129,610 in underwriting fees, transfer of \$307,825 to Bond Issue Expense Account for other issuance costs, transfer of \$1,341,944 from prior debt service funds, and transfer of \$1,283,537 to the Debt Service Reserve Fund) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

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

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 215,287	16,728	23,203		208,812	
General obligation bonds	2,860,000		485,000		2,375,000	420,000
Add:						
Premiums	15,704		2,471		13,233	
Other loans	167,285		45,524		121,761	44,902
Capital leases	1,534,774	3,097,639	1,917,895	(23,646)	2,690,872	989,307
Total	\$ 4,793,050	3,114,367	2,474,093	(23,646)	5,409,678	1,454,209

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
Business-Type Activities:						
Compensated absences	\$ 44,316	5,839			50,155	
Bonds	14,225,000	14,165,000	14,225,000		14,165,000	730,000
Add:						
Premiums		1,171,324	19,522		1,151,802	
Less:						
Discounts	(206,511)		(206,511)		-	
Capital leases	14,373		4,693		9,680	4,790
Total	\$ 14,077,178	15,342,163	14,042,704	-	15,376,637	734,790

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Fund, Other Governmental, and Business-Type YCRCF Fund.

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

NOTE 13 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

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

Fund	Deficit Amount
Governmental Activities	\$
Human Resource Agency:	
Homemaker Grant	4,993
Congregate Meals	19,516
Title V	6,262
Total	\$ <u>30,771</u>

NOTE 14 – CONTINGENCIES.

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

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

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position deficit amount of \$(7,017,440) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$177,282 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$2,324,471 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years. The \$339,152 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

The governmental activities' net investment in capital assets net position of \$54,163,505 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$34,408 balance of deferred outflows of resources at September 30, 2016, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 4 years.

The business-type activities' net position amount includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the

YAZOO COUNTY, MISSISSIPPI
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amount of \$38,915 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$510,251 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years. The \$74,448 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

NOTE 16 – RELATED ORGANIZATIONS.

The Yazoo County Board of Supervisors are responsible for appointing a voting majority of the members of the boards of the following organizations, but the County's accountability for these organizations does not extend beyond making the appointments to these organizations. The County periodically makes small appropriations to these organizations:

- Eden Drainage District
- Silver Creek Drainage District
- Fifteen Mile Bayou Water Management District
- Rocky Bayou Drainage District
- Atchafalaya Drainage District
- Yazoo County Convention and Visitor's Bureau

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Yazoo County Board of Supervisors appoints two of the 22 members of the board of trustees. The County appropriated \$635,379 for maintenance and support of the college in fiscal year 2016.

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Yazoo County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County appropriated \$41,993 for support of the district in fiscal year 2016.

Central Mississippi Planning and Development District operates in a district composed of the Counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Yazoo County Board of Supervisors appoints three of the 33 members of the board of directors. The County appropriated \$6,263 for support of the district in fiscal year 2016.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Rankin, Scott, Smith, Warren and Yazoo. The Yazoo County Board of Supervisors appoints two of the 26 members of the board. The County provides minimal support for the district.

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

NOTE 18 – SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Yazoo County evaluated the activity of the County through February 28, 2019 (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements.

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/31/2017	2.80 %	\$ 1,600,000	Grant Anticipation Note	Anticipated FEMA Grant Proceeds

YAZOO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

YAZOO 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)
REVENUES				
Property taxes	\$ 3,949,594	4,881,607	4,881,607	-
Licenses, commissions and other revenue	400,000	484,549	484,549	-
Fines and forfeitures	160,918	228,202	228,202	-
Intergovernmental revenues	2,805,207	1,501,707	1,501,707	-
Charges for services	136,530	132,650	132,650	-
Interest income	68,208	100,899	100,899	-
Miscellaneous revenues	115,781	536,260	536,260	-
Total Revenues	<u>7,636,238</u>	<u>7,865,874</u>	<u>7,865,874</u>	<u>-</u>
EXPENDITURES				
General government	5,368,633	4,831,547	4,831,547	-
Public safety	2,441,442	2,858,818	2,858,818	-
Public works			-	-
Health and welfare	194,040	182,790	182,790	-
Culture and recreation	211,075	211,075	211,075	-
Conservation of natural resources	194,169	152,898	152,898	-
Economic development and assistance		10,128	10,128	-
Principal paid	87,525	101,013	101,013	-
Interest paid	954	1,146	1,146	-
Total Expenditures	<u>8,497,838</u>	<u>8,349,415</u>	<u>8,349,415</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(861,600)</u>	<u>(483,541)</u>	<u>(483,541)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In/Out	(38,400)	(63,106)	(63,106)	-
Proceeds from sale of capital assets		61,000	61,000	-
Total Other Financing Sources (Uses)	<u>(38,400)</u>	<u>(2,106)</u>	<u>(2,106)</u>	<u>-</u>
Net Change in Fund Balance	(900,000)	(485,647)	(485,647)	-
Fund Balance - Beginning	<u>125,000</u>	<u>3,635,998</u>	<u>3,635,998</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (775,000)</u>	<u>3,150,351</u>	<u>3,150,351</u>	<u>-</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 2,721,214	3,163,284	3,163,284	-
Road and bridge privilege taxes	273,732	277,716	277,716	-
Intergovernmental revenues	606,263	649,656	649,656	-
Interest	2,708	5,450	5,450	-
Miscellaneous revenues	9,800	997,482	997,482	-
Total Revenues	<u>3,613,717</u>	<u>5,093,588</u>	<u>5,093,588</u>	<u>-</u>
EXPENDITURES				
Public works	3,143,165	2,644,225	2,644,225	-
Principal paid	555,552	1,378,178	1,378,178	-
Interest paid		14,092	14,092	-
Total Expenditures	<u>3,698,717</u>	<u>4,036,495</u>	<u>4,036,495</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(85,000)</u>	<u>1,057,093</u>	<u>1,057,093</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources			-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(85,000)	1,057,093	1,057,093	-
Fund Balance - Beginning	<u>-</u>	<u>1,700,247</u>	<u>1,700,247</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (85,000)</u>	<u>2,757,340</u>	<u>2,757,340</u>	<u>-</u>

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

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

COUNTY		2016	2015	2014
County's proportion of the net pension liability (asset)		0.083%	0.085%	0.088%
County's proportionate share of the net pension liability (asset)	\$	14,843,734	13,106,553	10,668,844
County's covered payroll	\$	5,318,019	5,296,419	5,370,825
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		279.12%	247.46%	198.64%
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.

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

COUNTY	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 835,010	834,148
Contributions in relation to the contractually required contribution	<u>835,010</u>	<u>834,148</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
County's covered payroll	\$ 5,301,651	5,296,178
Contributions as a percentage of covered payroll	15.75%	15.75%

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

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash basis)	\$ (485,647)	1,057,073
Increase (Decrease)		
Net adjustments for revenue accruals	391,553	3,581,205
Net adjustments for expenditure accruals	<u>333,178</u>	<u>(3,501,271)</u>
GAAP Basis	<u>\$ 239,084</u>	<u>1,137,007</u>

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

Pension Schedules

A. Changes of assumptions.

2015

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

2016

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

B. Changes in benefit provisions.

2016

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

YAZOO COUNTY

SUPPLEMENTAL INFORMATION

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

Federal Grantor/ Pass - through Grantor Program Title	Federal CFDA Number	Agency or Pass - through Number	Federal Expenditures
Corporation for National and Community Service			
Foster Grandparent Program	94.011	N/A	\$ 180,596
Total Corporation for National and Community Service			<u>180,596</u>
U.S. Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMW-2016-EP-00005	6,414
Total U.S. Department of Homeland Security			<u>6,414</u>
U.S. Department of Transportation			
Passed-through the Mississippi Department of Transportation			
Highway Planning and Construction	20.205	BR NBIS 083B	44,000
Passed-through the Mississippi Department of Public Safety			
State and Community Highway Safety	20.600	16-MD-182-1	29,877
Total U.S. Department of Transportation			<u>73,877</u>
U.S. Department of Housing and Urban Development			
Passed-through Mississippi Development Authority			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	* 14.228	1131-14-082-PF-01	419,668
Passed-through Mississippi Development Authority			
Home Investment Partnerships Program	14.239	1222-M10-SG-280993	3,600
Total U.S. Department of Housing and Urban Development			<u>423,268</u>
U.S. Department of Health and Human Services			
Passed-through Central Mississippi and Development District			
Social Services Block Grant	93.667	1556-77	28,772
Total U.S. Department of Health and Human Services			<u>28,772</u>
U.S. Department of Election Assistance Commission			
Passed-through the Mississippi Department of Transportation			
Help America Vote Grant	90.401	N/A	6,098
Total U.S. Election Assistance Commission			<u>6,098</u>
Aging Cluster:			
U.S. Department of Health and Human Services			
Passed-through Central Mississippi and Development District			
Title IIIB - Grants for Supportive Services and Senior Centers	93.044		51,697
Title IIIC-1 - Nutrition Services	93.045/93.053		33,249
Title IIIC-2 - Nutrition Services	93.045/93.053		134,529
Total Aging Cluster			<u>219,475</u>
Total Expenditures of Federal Awards			\$ <u>938,500</u>

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

* Denotes major federal award program

YAZOO COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2016

Operating Expenditures, Cash Basis:

Salaries	\$ 229,889
Expendable Commodities:	
Gasoline and petroleum products	46,105
Repair parts	13,779
Office, field and shop supplies	12,497
Solid contract and disposal fee	<u>251,377</u>
 Solid Waste Cash Basis Operating Expenditures	 553,647
 Full Cost Expenses:	
Indirect administrative costs	2,355
Depreciation on equipment	129,537
Net effect of other accrued expenses	<u>(23,999)</u>
 Solid Waste Full Cost Operating Expenses	 <u>\$ 661,540</u>

YAZOO COUNTY

OTHER INFORMATION

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

Name	Position	Company	Amount
Van Foster	Supervisor District 1	Western Surety Company	\$ 100,000
David Ford Berry III	Supervisor District 2	Fidelity and Deposit Company of Maryland	100,000
Willie Wright	Supervisor District 3	Fidelity and Deposit Company of Maryland	100,000
Jayne H. Dew	Supervisor District 4	Western Surety Company	100,000
Cobie Collins	Supervisor District 5	FCCI Insurance	100,000
Donna Kraft	County Administrator	Fidelity and Deposit Company of Maryland	100,000
Quint Carver	Chancery Clerk	Brierfield Insurance Company	100,000
Robert Coleman	Circuit Clerk	Western Surety Company	100,000
Jake Sheriff	Sheriff	Western Surety Company	100,000
Travis Crimm	Tax Collector	Travelers Casualty and Surety	100,000
Jessica Vaezey	Purchase Clerk	Western Surety Company	75,000
Tricia Y. Brumfield	Receiving Clerk	Western Surety Company	75,000
Patty Fletcher	Inventory Control Clerk	Fidelity and Deposit Company of Maryland	50,000
Kenneth Hughes	Road Manager	Western Surety Company	50,000
Beverly Ladner	Tax Assessor	Fidelity and Deposit Company of Maryland	50,000
Wade Woods	Assistant Receiving Clerk	Fidelity and Deposit Company of Maryland	50,000
Howard Neal Hisaw	Assistant Receiving Clerk	Western Surety Company	50,000
Glenda Fisher	Assistant Receiving Clerk	Fidelity and Deposit Company of Maryland	100,000
Casandra Davis	Assistant Receiving Clerk	Fidelity and Deposit Company of Maryland	50,000
Nellie Hollis	Assistant Receiving Clerk	Fidelity and Deposit Company of Maryland	50,000
Bennie K. Warrington	Justice Court Judge	Travelers Casualty and Surety	50,000
Pam I. May	Justice Court Judge	Brierfield Insurance Company	50,000
Demetrius Westbrook	Justice Court Clerk	Fidelity and Deposit Company of Maryland	50,000
David Staring	Constable	Travelers	50,000
Richard Smith	Constable	Western Surety Company	50,000
Robert Peterson	Constable	Western Surety Company	50,000
Cathy Thompson	Deputy Circuit Clerk	Western Surety Company	50,000
Janet Adams	Deputy Circuit Clerk	Western Surety Company	50,000
Crystal D Collins	Deputy Circuit Clerk	Fidelity and Deposit Company of Maryland	50,000
Patricia Aldridge	Sheriff Deputy	FCCI Insurance	50,000
Pamela Dortch	Sheriff Deputy	Western Surety Company	50,000
Courtney Granderson	Sheriff Deputy	Western Surety Company	50,000
George Tindle, Jr.	Sheriff Deputy	Western Surety Company	50,000
Terry Gann	Sheriff Deputy	Western Surety Company	50,000
Eureka Johnson	Sheriff Deputy	Western Surety Company	50,000
Randell Rucker, Jr.	Sheriff Deputy	Western Surety Company	50,000
Dustin Wadford	Sheriff Deputy	Western Surety Company	50,000
Richard Speight	Sheriff Deputy	Western Surety Company	50,000
Rex Slaton King	Sheriff Deputy	Western Surety Company	50,000
Ashley Saxton	Deputy Tax Collector	Fidelity and Deposit Company of Maryland	50,000
Anita Scott Crump	Deputy Tax Collector	Fidelity and Deposit Company of Maryland	50,000
Linda Binkle	Deputy Tax Collector	Fidelity and Deposit Company of Maryland	50,000
Mary Grace Jackson	Deputy Tax Collector	Fidelity and Deposit Company of Maryland	50,000
Shellie Gilmore	Deputy Tax Collector	Western Surety Company	50,000
Heather Nicholson	Deputy Justice Court Clerk	Western Surety Company	50,000
Terresa B. Luckett	Deputy Justice Court Clerk	Western Surety Company	50,000
BreAnna Taylor	Deputy Justice Court Clerk	Western Surety Company	50,000
Susan Jenkins	Deputy Tax Assessor	Fidelity and Deposit Company of Maryland	50,000
Shirley Stewart	Deputy Tax Assessor	Western Surety Company	50,000
Bobbijo Harber	Deputy Tax Assessor	Western Surety Company	50,000
Bruce Templeton	Deputy Tax Assessor	Fidelity and Deposit Company of Maryland	50,000

YAZOO COUNTY

SPECIAL REPORTS

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**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
Yazoo County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Yazoo County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 28, 2019. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The report is qualified on the governmental activities, business-type activities and Yazoo County Regional Jail Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency 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 items 2016-001, 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, and 2016-008 that we consider to be material weaknesses.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Yazoo County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 28, 2019, included within this document.

Yazoo County's Responses to Findings

Yazoo County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Yazoo County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

February 28, 2019

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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
Yazoo County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Yazoo County, Mississippi's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Yazoo County, Mississippi's major federal programs for the year ended September 30, 2016. Yazoo 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 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 Yazoo County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance.) Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yazoo 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 of Yazoo County,

Mississippi's compliance.

Basis for Qualified Opinion on Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG, ADA Improvements)

As described in the accompanying Schedule of Findings and Questioned Costs, Yazoo County, Mississippi did not comply with requirements regarding the Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG, ADA Improvements), CFDA 14.228 as described in finding number 2016-007 and 2016-008 for Reporting and Cash Management. Compliance with such requirements is necessary, in our opinion, for Yazoo County, Mississippi to comply with the requirements applicable to that program.

Qualified Opinion on Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG, ADA Improvements)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Yazoo 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 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG, ADA Improvements) for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of Yazoo 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 Yazoo 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-007 and 2016-008 that we consider to be material weaknesses.

Yazoo County, Mississippi's responses to the internal control over compliance findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Yazoo County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
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February 28, 2019

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**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
Yazoo County, Mississippi

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

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

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

February 28, 2019

YAZOO COUNTY

Schedule 1

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

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

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

Schedule 2

Our tests did not identify any emergency purchases.

YAZOO COUNTY

Schedule 3

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

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

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

In planning and performing our audit of the financial statements of Yazoo County, Mississippi for the year ended September 30, 2016, we considered Yazoo 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 Yazoo 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 February 28, 2019, on the financial statements of Yazoo County, Mississippi.

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

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

Board of Supervisors

1. Deficit fund balances

Repeat Finding Yes

Criteria Management is responsible for establishing a proper internal control system to ensure the County operated within its' means.

Condition	We noted deficit fund balances at September 30, 2016. These deficit fund balances existed in the Homemaker Grant fund (\$4,993), Congregate Meals fund (\$19,516), and Title V fund (6,262).
Effect	Prolonged deficit fund balances, especially in grant funding accounts, could result in loss of future grant funding.
Recommendation	The Board of Supervisors should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.
Response	These funds are our aging programs funded through CMPDD. Each fund is reimbursable by CMPDD. We will comply.

Circuit Clerk

2. Unallowed and unsubstantiated annual report

Repeat Finding	Yes
Criteria	The Circuit Clerk is responsible for filling “a true and accurate annual report” of revenues and expenses, no later than April 15 th of each year in accordance with Section 9-1-43 and 9-1-45, Miss. Code Ann. (1972)
Condition	Although the annual report was filed timely, the Circuit Clerk reported expenses on the annual financial report that were not allowed and were unsubstantiated by supporting documentation. The year-end totals on the fee journal did not equal amounts reported on the annual financial report. An expense of \$3,000 was included in the 2016 Annual Financial Report, which is not an allowable Schedule C of the Internal Revenue Code expense under Section 9-1-43, Miss. Code Ann. (1972).
Effect	Without proper accounting for revenues and expenses, failure to file accurate annual reports according to statute could result in loss or misappropriation of public funds.
Recommendation	The Circuit Clerk should maintain fee journals that accurately account for revenues and expenses of the office and reconcile to bank statements. Fee journal totals should equal amounts reported on the annual financial report. In addition, the Circuit Clerk should report only expenses that are allowed and substantiated by supporting documentation on the annual financial report. The 2016 Annual Financial Report should be amended and \$3,000 should be remitted to the County.
Response	The Circuit Clerk chose not to respond.

3. Amounts due in excess of the salary limitation

Repeat Finding	No
Criteria	Section 9-1-43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 th of the preceding calendar year.

Condition	The Circuit Clerk has not settled \$7,860 of the exceeded salary limitation for the 2014 calendar year.
Effect	The County is unable to utilize the remaining funds until the Circuit Clerk remits payment.
Recommendation	Amounts in excess of the salary limitation should be paid to the County.
Response	The Circuit Clerk chose not to respond.

4. The Circuit Court Clerk should ensure effective controls over fines receivable.

Repeat Finding	No
Criteria	An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivable balance. Subsidiary records should ensure that fines receivables are properly aged in order to estimate the collectability of these fines receivable and include only fines due to the County.
Condition	Management did not maintain adequate subsidiary records documenting the existence and valuation of only fines receivable due to the County for Circuit Court fines and aging of fines receivables as of September 30, 2016.
Effect	Inadequate controls surrounding the accounts receivable could result in theft of assets and improper revenue recognition.
Recommendation	The Circuit Clerk should ensure that the accounts receivable ledger for the Circuit Court is complete, current and accurate.
Response	The Circuit Clerk chose not to respond.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

February 28, 2019

YAZOO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YAZOO 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	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Road Fund	Unmodified
Yazoo County Regional Jail Fund	Qualified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? None reported
3. Noncompliance material to the financial statements? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness identified Yes
 - b. Significant deficiencies identified None reported
5. Type of auditor's report issued on compliance for major federal programs:
 - a. CFDA #14.228, Community Development Block Grants Qualified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
7. Identification of major federal programs
 - a. CFDA #14.228, Community Development Block Grants
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No

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

Section 2: Financial Statement Findings

Material Weaknesses

2016-001.	<u>The County did not include the financial information of their component units.</u>
Repeat Finding	Yes
Criteria	Generally accepted accounting principles require the financial data of the County's component units to be reported with the financial data of the County's primary government unless the County also issued financial statements for the reporting unit that include the financial data for the component units.
Condition	The financial statements do not include the financial data of the County's component units.
Cause	The County has not developed procedures or provided staffing to prepare the required component units financial data.
Effect	The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.
Recommendation	The County should develop procedures to ensure accounting staff is adequately trained to provide financial data required by generally accepted accounting principles. In addition, the County should consider requiring all component units of the County be audited.
 2016-002.	 <u>The County does not record a liability for other postemployment benefits in the governmental activities.</u>
Repeat Finding	Yes
Criteria	Yazoo County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions as an agent multiple employer health care plan. The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities, business-type activities and the Yazoo County Regional Jail Fund. The County does not issue a publicly available financial report for their health insurance plan.
Condition	GASB Statement No. 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits. However, the County has not recorded a liability for other postemployment benefits, nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

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

Cause	The County does not have an actuarial valuation performed annually so that a liability for other postemployment benefits could be recorded.
Effect	The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities.
Recommendation	The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
2016-003.	<u>The County did not prepare the Schedule of Expenditures of Federal Awards.</u>
Repeat Finding	No
Criteria	The County is responsible for the preparation of the Schedule of Expenditures of Federal Awards (SEFA).
Condition	The County relies on external auditors to accumulate grant information from the various locations and prepare the SEFA.
Cause	No one individual has the responsibility of maintaining grant information or the training to allow for the preparation of the SEFA.
Effect	Error or omission may exist in the SEFA and not be detected.
Recommendation	The County should designate one person in the accounting office with the responsibility of maintaining all grant documentation to allow for the complete and accurate preparation SEFA.
2016-004.	<u>The County did not comply with transfer procedures in accordance with Section 19-11-19, Miss. Code Ann. (1972).</u>
Repeat Finding	No
Criteria	The County should not transfer monies without board order, record on the county minutes before transferring funds.
Condition	We noted transfers occurred without following compliance procedures in accordance with Section 19-11-19, Mis. Code Ann. (1972).
Cause	The County conducted transfers between funds without board order, approval, and documentation in the board minutes.
Effect	The County was not compliant with revision of county budget as listed in Section 19-11-19, Mis. Code Ann. (1972).
Recommendation	We recommend internal controls be implemented to provide proper oversight over transfers in the accounting records.

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

2016-005. Untimely recognition of electronic fund deposits

Repeat Finding No

Criteria Management is responsible for establishing a proper internal control system to ensure the proper bank balance is represented in each of the corresponding funds.

Condition We noted the County did not recognize electronic deposits timely within the general ledger cash accounts.

Effect Cash balances were misstated at year end.

Recommendation The County should insure deposits are recorded in the general ledger accurately and in a timely manner.

2016-006. Controls over classifications should be strengthened

Repeat Finding No

Criteria Revenues and disbursements should be recorded in the proper accounts.

Condition We noted a significant amount of transactions that were recorded in incorrect accounts. In addition, department officials are responsible for assigning budget codes on requisitions. We noted many occasions where the disbursements were charged to the wrong account.

Cause Several deposits and disbursements were recorded to incorrect accounts.

Effect Revenue and expenses were misclassified.

Recommendation We recommend controls be implemented to review financial information on a monthly basis to ensure proper classification.

Section III: Federal Award Findings and Questioned Costs:

Material Weaknesses

2016-007. The County is not recording transactions in the general ledger

Program Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG, ADA Improvements); CFDA 14.228; Federal Award #1131-14-082-PF-01; U.S. Department of Housing and Urban Development passed through Mississippi Development Authority.

Compliance Reporting

Questioned Costs None

Repeat Finding No

Statistically Valid No

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

Criteria	An effective system of internal control requires maintaining complete and accurate accounting records.
Condition	The County is not recording financial transactions of the CDBG in the general ledger.
Cause	Complete and accurate accounting records for the CDBG fund is not being recorded to the general ledger.
Recommendation	The County should establish an effective internal control system to ensure that all federal funds are being recorded into the County's general ledger daily.
2016-008.	<u>The County is not performing bank reconciliations on bank accounts maintaining federal funds</u>
Program	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG, ADA Improvements); CFDA 14.228; Federal Award #1131-14-082-PF-01; U.S. Department of Housing and Urban Development passed through Mississippi Development Authority.
Compliance	Cash Management
Questioned Costs	None
Repeat Finding	No
Statistically Valid	No
Criteria	An effective system of internal control requires bank reconciliations to be performed correctly and on a timely basis subsequent to month end to ensure the completeness and inclusion of all transactions.
Condition	The County is not preparing monthly cash reconciliations for the ADA Improvements bank account.
Cause	Monthly reconciliations were not being compared to the general ledger.
Recommendation	Monthly reconciliations of bank statements to the general ledger must be performed to keep the two in balance and identify the reasons for any differences.

YAZOO COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

Beat 1
Van Foster
Beat 2
David F. Berry, III - Vice President
Beat 3
Willie Wright
Beat 4
Jayne Dew
Beat 5
Cobie Collins, President



Yazoo County Board of Supervisors

Attorney
Jay Barbour
County Administrator
Donna S. Kraft
Sheriff
Jacob E. Sheriff
Chancery Clerk
Quint Carver

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, Mississippi 39180

Gentlemen:

Yazoo County respectfully submits the following corrective action plan for the year ended September 30, 2016.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results does not include findings and is not addressed.

2016-001.

Corrective Action Planned:

The County will not include component units in the financial statements.

Anticipated Completion Date:

Not applicable

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

2016-002.

Corrective Action Planned:

We believe that the cost of compliance with this statement outweighs the benefits. Therefore, we will not have an actuarial valuation performed.

Anticipated Completion Date:

Not applicable

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

Post Office Box 1106 ❖ 211 East Broadway ❖ Yazoo City, Mississippi 39194-1106 ❖ (662) 746-8668

2016-003.

Corrective Action Planned:

We will designate an individual to maintain grant documentation.

Anticipated Completion Date:

October 1, 2019

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

2016-004.

Corrective Action Planned:

We will implement controls to provide proper oversight over transfers in the accounting records.

Anticipated Completion Date:

October 1, 2019

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

2016-005.

Corrective Action Planned:

We will insure deposits are recorded in the general ledger accurately and in a timely manner.

Anticipated Completion Date:

October 1, 2019

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

2016-006.

Corrective Action Planned:

We will implement controls to review financial information on a monthly basis to ensure proper classification.

Anticipated Completion Date:

October 1, 2019

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

Section III: Federal Award Findings and Questioned Costs:

2016-007.

Corrective Action Planned:

We will establish an effective internal control system to ensure that all federal funds are being recorded into the County's general ledger daily.

Anticipated Completion Date:

October 1, 2019

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668

2016-008.

Corrective Action Planned:

We will reconcile bank statements to the general ledger each month.

Anticipated Completion Date:

October 1, 2019

Name and Contact Person Responsible for Corrective Action:

Donna S. Kraft
County Administrator
Phone #662-746-8668