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YAZOO COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2018



YAZOO COUNTY

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YAZOO COUNTY

FINANCIAL SECTION



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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Yazoo County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yazoo County, Mississippi, (the County) as of and for the year ended September 30, 2018, 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 Opinions on Governmental Activities, Business-type Activities, Yazoo County Regional Jail Fund and Port 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, Yazoo County Regional Jail Fund and Port 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 and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities, business-type activities, Yazoo County Regional Jail Fund and Port 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, Yazoo County Regional Jail Fund and Port Fund”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, Yazoo County Regional Jail Fund, and Port Fund, of Yazoo County, Mississippi, as of September 30, 2018, 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.

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, Bridge Fund and the aggregate remaining fund information of Yazoo County, Mississippi, as of September 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County’s Proportionate Share of the Net Pension Liability, and the Schedule of the County’s Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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 Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was 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 Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020, 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 solely 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 effectiveness of Yazoo County, Mississippi's 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

January 20, 2020

YAZOO COUNTY

FINANCIAL STATEMENTS

YAZOO COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 10,774,483	707,100	11,481,583
Property tax receivable	6,965,000	-	6,965,000
Fines receivable (net of allowance for uncollectibles of \$1,765,412)	262,161	-	262,161
Intergovernmental receivables	127,516	224,293	351,809
Other receivables	3,765	-	3,765
Internal balances	(12,280)	12,280	-
Land and construction in progress	5,790,864	979,683	6,770,547
Other capital assets, net	52,930,082	12,390,020	65,320,102
Restricted assets:			
Investments	-	1,830,943	1,830,943
Total Assets	76,841,591	16,144,319	92,985,910
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	556,027	130,427	686,454
Deferred amount on refunding	29,236	-	29,236
Total Deferred Outflows of Resources	585,263	130,427	715,690
LIABILITIES			
Claims payable	222,611	53,594	276,205
Intergovernmental payables	245,298	-	245,298
Matured bonds and interest payable	48,110	-	48,110
Accrued interest payable	62,809	112,300	175,109
Amounts held in custody for others	130,877	-	130,877
Other payables	7,538	-	7,538
Claims and judgments payable	455,763	-	455,763
Long-term liabilities			
Net pension liability	11,626,944	2,727,308	14,354,252
Due within one year:			
Capital debt	1,882,796	903,088	2,785,884
Due in more than one year:			
Capital debt	1,982,640	12,727,538	14,710,178
Non-capital debt	233,283	64,835	298,118
Total Liabilities	16,898,669	16,588,663	33,487,332
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	607,565	142,516	750,081
Property tax for future reporting period	6,965,000	-	6,965,000
Total Deferred Inflows of Resources	7,572,565	142,516	7,715,081
NET POSITION			
Net investment in capital assets	54,884,746	(260,923)	54,623,823
Restricted for:			
Expendable:			
General government	481,391	-	481,391
Public safety	214,286	-	214,286
Public works	4,024,383	559,990	4,584,373
Economic development and assistance	321,501	-	321,501
Unemployment compensation	131,415	-	131,415
Debt service	445,582	-	445,582
Capital projects	72	-	72
Unrestricted	(7,547,756)	(755,500)	(8,303,256)
Total Net Position	\$ 52,955,620	(456,433)	52,499,187

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

YAZOO COUNTY
Statement of Activities
For the Year Ended September 30, 2018

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total
		Services	Contributions	Contributions	Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 5,628,902	725,083	7,158	-	(4,896,661)		(4,896,661)
Public safety	3,377,465	424,930	326,270	-	(2,626,265)		(2,626,265)
Public works	6,195,243	62,201	26,291	3,590,652	(2,516,099)		(2,516,099)
Health and welfare	499,536	4,543	432,131		(62,862)		(62,862)
Culture and recreation	259,175	-	-	-	(259,175)		(259,175)
Conservation of natural resources	124,507	-	-	-	(124,507)		(124,507)
Economic development and assistance	178,722	-	68,500	-	(110,222)		(110,222)
Interest on long-term debt	145,140	-	-	-	(145,140)		(145,140)
Pension expense	1,428,443	-	-	-	(1,428,443)		(1,428,443)
Total Governmental Activities	17,837,133	1,216,757	860,350	3,590,652	(12,169,374)		(12,169,374)
Business-type activities:							
Regional jail	3,400,069	3,614,063				213,994	213,994
Port	428,654					(428,654)	(428,654)
Total Business-type Activities	3,828,723	3,614,063	-	-	-	(214,660)	(214,660)
Total Primary Government	\$ 21,665,856	4,830,820	860,350	3,590,652	(12,169,374)	(214,660)	(12,384,034)
General revenues:							
Property taxes				\$	11,800,929	92,091	11,893,020
Road & bridge privilege taxes					277,794		277,794
Rental Income						144,009	144,009
Grants and contributions not restricted to specific programs					2,287,058		2,287,058
Unrestricted interest income					130,437	29,215	159,652
Miscellaneous					148,040	200	148,240
Gain (Loss) on disposal and sale of assets					48,679		48,679
Transfers					(43,675)	43,675	
Total General Revenues					14,649,262	309,190	14,958,452
Changes in Net Position					2,479,888	94,530	2,574,418
Net Position - Beginning, as previously stated					52,026,582	(3,168,025)	48,858,557
Prior Period Adjustments					(1,550,850)	2,617,062	1,066,212
Net Position- Beginning, as restated					50,475,732	(550,963)	49,924,769
Net Position - Ending					\$ 52,955,620	(456,433)	52,499,187

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

YAZOO COUNTY
Balance Sheet – Governmental Funds
September 30, 2018

Exhibit 3

	Major Funds			Other	Total
	General Fund	Road Fund	Bridge Fund	Governmental Funds	Governmental Funds
ASSETS					
Cash	\$ 4,892,787	2,346,678	1,028,736	2,506,282	10,774,483
Property tax receivable	4,200,000	2,000,000	275,000	490,000	6,965,000
Fines receivable (net of allowance for uncollectibles of \$ 1,765,412)	262,161	-	-	-	262,161
Intergovernmental receivables	93,446	-	-	34,070	127,516
Other receivables	3,765	-	-	-	3,765
Due from other funds	26,934	34,921	3,736	18,539	84,130
Advances to other funds	63,571	-	-	-	63,571
Total Assets	<u>\$ 9,542,664</u>	<u>4,381,599</u>	<u>1,307,472</u>	<u>3,048,891</u>	<u>18,280,626</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 22,906	150,949	19,727	29,029	222,611
Intergovernmental payables	245,298	-	-	-	245,298
Due to other funds	114,323	-	-	-	114,323
Advances from other funds	-	-	-	52,000	52,000
Matured bonds and interest payable	-	-	-	48,110	48,110
Amounts held in custody for others	130,877	-	-	-	130,877
Claims and judgments payable	455,763	-	-	-	455,763
Other payables	1,197	-	-	-	1,197
Total Liabilities	<u>\$ 970,364</u>	<u>150,949</u>	<u>19,727</u>	<u>129,139</u>	<u>1,270,179</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	4,200,000	2,000,000	275,000	490,000	6,965,000
Unavailable revenue - fines	262,161	-	-	-	262,161
Total Deferred Inflows of Resources	<u>\$ 4,462,161</u>	<u>2,000,000</u>	<u>275,000</u>	<u>490,000</u>	<u>7,227,161</u>
Fund balances:					
Nonspendable:					
Advances	63,571	-	-	-	63,571
Restricted for:					
General government	-	-	-	481,391	481,391
Public safety	-	-	-	214,286	214,286
Public works	-	2,230,650	1,012,745	780,988	4,024,383
Economic development and assistance	-	-	-	321,501	321,501
Capital Projects	-	-	-	72	72
Debt service	-	-	-	508,391	508,391
Unemployment compensation	-	-	-	131,415	131,415
Unassigned	4,046,568	-	-	(8,292)	4,038,276
Total Fund Balances	<u>\$ 4,110,139</u>	<u>2,230,650</u>	<u>1,012,745</u>	<u>2,429,752</u>	<u>9,783,286</u>
Total Liabilities and Fund Balances	<u>\$ 9,542,664</u>	<u>4,381,599</u>	<u>1,307,472</u>	<u>3,048,891</u>	<u>18,280,626</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, 2018**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,783,286
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$82,299,983.	58,720,946
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	262,161
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,098,719)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(11,626,944)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(62,809)
Deferred amount on refunding	29,236
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	556,027
Deferred inflows of resources related to pensions	(607,565)
Rounding	<u>1</u>
Total Net Position - Governmental Activities	\$ <u>52,955,620</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, 2018**

	Major Funds			Other	Total
	General Fund	Road Fund	Bridge Fund	Governmental Funds	Governmental Funds
REVENUES					
Property taxes	\$ 6,219,960	3,474,056	375,823	1,731,090	11,800,929
Road and bridge privilege taxes	-	277,794	-	-	277,794
Licenses, commissions and other revenue	497,844	-	-	9,693	507,537
Fines and forfeitures	187,021	-	-	-	187,021
Intergovernmental revenues	2,642,473	3,120,988	-	974,597	6,738,058
Charges for services	15,896	-	-	475,777	491,673
Interest income	103,547	13,420	4,414	9,056	130,437
Miscellaneous revenues	48,951	150	-	98,939	148,040
Total Revenues	<u>9,715,692</u>	<u>6,886,408</u>	<u>380,237</u>	<u>3,299,152</u>	<u>20,281,489</u>
EXPENDITURES					
Current:					
General government	5,401,998	-	-	310,958	5,712,956
Public safety	2,479,072	-	-	931,677	3,410,749
Public works	12,941	6,933,182	451,080	1,026,603	8,423,806
Health and welfare	27,959	-	-	503,093	531,052
Culture and recreation	255,575	-	-	3,600	259,175
Conservation of natural resources	133,153	-	-	-	133,153
Economic development and assistance	38,340	-	-	139,620	177,960
Debt service:					
Principal	1,670,352	1,161,141	-	741,383	3,572,876
Interest	24,684	48,585	-	68,138	141,407
Total Expenditures	<u>10,044,074</u>	<u>8,142,908</u>	<u>451,080</u>	<u>3,725,072</u>	<u>22,363,134</u>
Excess of Revenues over (under) Expenditures	<u>(328,382)</u>	<u>(1,256,500)</u>	<u>(70,843)</u>	<u>(425,920)</u>	<u>(2,081,645)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	1,696,437	359,993	-	127,427	2,183,857
Proceeds from sale of capital assets	23,893	387,556	-	-	411,449
Transfers In	-	-	-	143,589	143,589
Transfers Out	(143,589)	(43,675)	-	-	(187,264)
Total Other Financing Sources and Uses	<u>1,576,741</u>	<u>703,874</u>	<u>-</u>	<u>271,016</u>	<u>2,551,631</u>
Net Changes in Fund Balances	<u>1,248,359</u>	<u>(552,626)</u>	<u>(70,843)</u>	<u>(154,904)</u>	<u>469,986</u>
Fund Balance - Beginning, as previously stated	2,861,780	2,783,276	-	3,668,244	9,313,300
Fund Reclassification			1,083,588	(1,083,588)	-
Fund Balance- Beginning, as restated	<u>2,861,780</u>	<u>2,783,276</u>	<u>1,083,588</u>	<u>2,584,656</u>	<u>9,313,300</u>
Fund balance, ending	\$ <u>4,110,139</u>	<u>2,230,650</u>	<u>1,012,745</u>	<u>2,429,752</u>	<u>9,783,286</u>

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

YAZOO COUNTY**Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 469,986
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 4,684,374 exceeded depreciation of \$2,983,661 in the current period.	1,700,713
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain (loss) of \$48,679 and the proceeds from the sale of \$411,449 in the current period.	(362,770)
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.	30,526
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 repayments of \$3,572,876 exceeded debt proceeds of \$2,183,857.	1,389,019
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Amortization of bond premium	955
Amortization of refunding charges on long-term debt	(2,483)
Compensated absences payable	(15,760)
Accrued interest payable	(2,205)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,428,443)
Recording of contributions made during the year	<u>700,350</u>
Change in Net Position of Governmental Activities	\$ <u><u>2,479,888</u></u>

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

YAZOO COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2018

Exhibit 5

	Business-Type Activities		
	Enterprise Funds		
	Yazoo County		
	Regional Jail	Port	Total
ASSETS			
Current assets:			
Cash	\$ -	707,100	707,100
Intergovernmental receivable	224,293	-	224,293
Due from other funds	49,851	934	50,785
Total Current Assets	274,144	708,034	982,178
Noncurrent assets:			
Restricted assets			
Investments	1,830,943	-	1,830,943
Capital assets:			-
Land and construction in progress	75,000	904,683	979,683
Other capital assets, net	11,586,202	803,818	12,390,020
Total Noncurrent Assets	13,492,145	1,708,501	15,200,646
Total Assets	13,766,289	2,416,535	16,182,824
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	123,562	6,865	130,427
Total Deferred Outflows of Resources	123,562	6,865	130,427
LIABILITIES			
Current liabilities:			
Claims payable	53,594	-	53,594
Advances from other funds	11,571	-	11,571
Due to other funds	26,934		26,934
Accrued interest payable	112,300		112,300
Capital debt:			
Other long-term liabilities	903,088	-	903,088
Total Current Liabilities	1,107,487	-	1,107,487
Noncurrent liabilities:			
Net pension liability	2,583,765	143,543	2,727,308
Capital debt:			-
Other long-term liabilities	12,727,538		12,727,538
Non-capital debt:			-
Compensated absences payable	60,970	3,865	64,835
Total Noncurrent Liabilities	15,372,273	147,408	15,519,681
Total Liabilities	16,479,760	147,408	16,627,168
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	135,015	7,501	142,516
Total Deferred Inflows of Resources	135,015	7,501	142,516
NET POSITION			
Net investment in capital assets	(1,969,424)	1,708,501	(260,923)
Restricted for:			-
Public works		559,990	559,990
Unrestricted	(755,500)		(755,500)
Total Net Position	\$ (2,724,924)	2,268,491	(456,433)

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, 2018**

	Business-Type Activities Enterprise Funds		
	Yazoo County Regional Jail	Port	Total
Operating Revenues			
Charges for services	\$ 3,614,063	-	3,614,063
Rental Income		144,009	144,009
Miscellaneous	200	-	200
Total Operating Revenues	<u>3,614,263</u>	<u>144,009</u>	<u>3,758,272</u>
Operating Expenses			
Personal services	1,303,012	92,039	1,395,051
Contractual services	836,673	314,928	1,151,601
Materials and supplies	260,294	1,172	261,466
Depreciation expense	293,903	2,880	296,783
Pension expense	317,432	17,635	335,067
Total Operating Expenses	<u>3,011,314</u>	<u>428,654</u>	<u>3,439,968</u>
Operating Income (Loss)	<u>602,949</u>	<u>(284,645)</u>	<u>318,304</u>
Nonoperating Revenues (Expenses)			
Property taxes		92,091	92,091
Interest income	25,266	3,949	29,215
Interest expense	(388,755)	-	(388,755)
Net Nonoperating Revenue (Expenses)	<u>(363,489)</u>	<u>96,040</u>	<u>(267,449)</u>
Net Income (Loss) before Transfers	<u>239,460</u>	<u>(188,605)</u>	<u>50,855</u>
Transfers In		43,675	43,675
Changes in Net Position	<u>239,460</u>	<u>(144,930)</u>	<u>94,530</u>
Net Position - Beginning, as previously reported	(3,168,025)	-	(3,168,025)
Prior period adjustments	203,641	2,413,421	2,617,062
Net Position- Beginning, as restated	<u>(2,964,384)</u>	<u>2,413,421</u>	<u>(550,963)</u>
Net Position - Ending	<u>\$ (2,724,924)</u>	<u>2,268,491</u>	<u>(456,433)</u>

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

YAZOO COUNTY
Exhibit 7
**Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Yazoo County Regional Jail	Port	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 3,608,371	144,009	3,752,380
Payments to suppliers	(1,097,392)	(316,100)	(1,413,492)
Payments to employees for services	(1,449,654)	(100,682)	(1,550,336)
Other operating cash receipts	200	-	200
Net Cash Provided (Used) by Operating Activities	1,061,525	(272,773)	788,752
Cash Flows From Noncapital Financing Activities			
Cash received from other funds			
Loans from other funds	26,934	-	26,934
Operating transfers in		43,675	43,675
Cash received from property taxes		91,157	91,157
Net Cash Provided (Used) by Noncapital Financing Activities	26,934	134,832	161,766
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(7,079)	-	(7,079)
Principal paid on debt	(804,892)	-	(804,892)
Interest paid on debt	(479,533)	-	(479,533)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,291,504)	-	(1,291,504)
Cash Flows From Investing Activities			
Interest on investments	25,266	-	25,266
Interest on deposits		3,949	3,949
Net Cash Provided (Used) by Investing Activities	25,266	3,949	29,215
Net Increase (Decrease) in Cash and Cash Equivalents	(177,779)	(133,992)	(311,771)
Cash and Cash Equivalents at Beginning of Year	2,008,722		2,008,722
Prior year unreported cash		841,092	841,092
Cash and Cash Equivalents at End of Year	\$ 1,830,943	707,100	2,538,043
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 602,949	(284,645)	318,304
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	293,903	2,880	296,783
Changes in assets and liabilities:			
(Increase) decrease in intergovernmental receivable	(12,310)	-	(12,310)
(Increase) decrease in interfund receivable	6,619	-	6,619
(Increase) decrease in deferred outflows of resources	156,127	8,674	164,801
Increase (decrease) in claims payable	(426)	-	(426)
Increase (decrease) in compensated absences liability	8,991	3	8,994
Increase (decrease) in net pension liability	(70,326)	(3,907)	(74,233)
Increase (decrease) in deferred inflows of resources	75,998	4,222	80,220
Total Adjustments	458,576	11,872	470,448
Net Cash Provided (Used) by Operating Activities	\$ 1,061,525	(272,773)	788,752

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

YAZOO COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 410,511
Due from other funds	6,342
Total Assets	<u>\$ 416,853</u>
LIABILITIES	
Amounts held in custody for others	\$ 347,442
Intergovernmental payables	69,411
Total Liabilities	<u>\$ 416,853</u>

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

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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 units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. 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 Port Commission – This commission was created for the purpose of overseeing the operations of the Yazoo County Port. A five-member board of commissioners is appointed as follows: one commissioner is appointed by the Governor; two commissioners are appointed by Yazoo County; and two commissioners are appointed by Yazoo City.

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.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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, deferred outflows, liabilities, deferred inflows, fund balances/net position, 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.

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.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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.

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

The County reports the following major Enterprise Fund:

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

Port Fund – This fund is used to account for the activities of the port.

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
For the Year Ended September 30, 2018

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
For the Year Ended September 30, 2018

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, other than infrastructure, 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
For the Year Ended September 30, 2018

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

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

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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 any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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
For the Year Ended September 30, 2018

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 vehicles and mobile homes become a lien and are due in the month that coincides with the month of the original purchase.

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

O. Intergovernmental Revenues in Governmental Funds.

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

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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.

Q. Changes in Accounting Standards.

The Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions became effective for the current fiscal year. However, the County chose not to implement this standard. Therefore, the provisions of this standard have not been incorporated into the financial statements and notes.

Note 2 – Prior Period Adjustments.

A summary of the significant net position adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To reclassify port assets to enterprise fund	\$ (1,686,040)
To reallocate pension assets and liabilities to Port	135,190
Total prior period adjustments	<u>\$ (1,550,850)</u>

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

Explanation	Amount
To correct prior year error in accrued interest payable	\$ 203,641
To record cash omitted in prior year	841,092
To record compensated absences omitted in prior year	(3,862)
To record capital assets omitted in prior year	25,341
To reclassify port assets to enterprise fund	1,686,040
To reallocate pension assets and liabilities to Port	(135,190)
Total prior period adjustments	<u>\$ 2,617,062</u>

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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

<u>Explanation</u>	<u>Amount</u>
To correct prior year error in accrued interest payable	\$ 203,641
To record cash omitted in prior year	841,092
To record compensated absences omitted in prior year	(3,862)
To record capital assets omitted in prior year	25,341
To reclassify port assets to enterprise fund	1,686,040
To reallocate pension assets and liabilities to Port	(135,190)
Total prior period adjustments	\$ <u>2,617,062</u>

NOTE 3 –DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$11,892,094 and the bank balance was \$13,128,930. 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, 2018, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Government Money	Less than one year	\$ 1,830,943	AAAm
Market Fund			

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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.

NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2018:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Yazoo County Regional Jail Fund	\$ 26,934
Road Fund	General Fund	34,921
Bridge Fund	General Fund	3,736
Other Governmental Funds	General Fund	18,539
Agency Funds	General Fund	6,342
Yazoo County Regional Jail Fund	General Fund	49,851
Port Fund	General Fund	934
	Total	<u>\$ 141,257</u>

The amount payable to the Yazoo County Regional Jail Fund of \$49,851 represents the amount due from the General Fund for the housing of prisoners. The amount payable from the Yazoo County Regional Jail Fund to the General Fund is for the Yazoo County Regional Jail Fund cash deficit. The remaining receivables represent the tax revenues collected in September 2018, but not settled until October 2018. 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	Yazoo County Regional Jail 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.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 143,589
Port Fund	Road Fund	43,675
	Total	<u>\$ 187,264</u>

The transfers to the Other Governmental Funds were to provide cash matches for federal grants. The transfer to the Port Fund was to correct error in allocation of receipted funds.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

Intergovernmental receivables at September 30, 2018, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 93,446
Human resources agencies grants	34,070
Total Governmental Activities	<u>\$ 127,516</u>

Description	Amount
Business-type Activities:	
Housing Inmate revenues from various governments	\$ 224,293
Total Business-type Activities	<u>\$ 224,293</u>

NOTE 6 – OTHER RECEIVABLES.

The other receivables at September 30, 2018, consisted of the following:

Description	Amount
Tax Collector receivable	\$ 3,765
Total Other Receivables	<u>\$ 3,765</u>

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 7– CAPITAL ASSETS.

The following is a summary of capital assets activity for the year ended September 30, 2018:

GOVERNMENTAL ACTIVITIES	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	1,383,543	-	-	(904,683)	478,860
Construction in progress	2,528,374	3,754,456	-	(970,826)	5,312,004
Total non-depreciable capital asse	3,911,917	3,754,456	-	(1,875,509)	5,790,864
Depreciable capital assets:					
Infrastructure	114,915,713	-	-	970,826	115,886,539
Buildings	7,386,454	-	-	(144,000)	7,242,454
Improvements other than buildings	3,425,186	-	-	(3,425,186)	-
Mobile equipment	4,875,332	545,550	380,659	80,773	5,120,996
Furniture & equipment	1,422,613	145,000	193,816	-	1,373,797
Leased property under capital lease	6,021,756	239,368	574,072	(80,773)	5,606,279
Total depreciable capital assets	138,047,054	929,918	1,148,547	(2,598,360)	135,230,065
Less accumulated depreciation for:					
Infrastructure	71,036,466	1,748,241	-	-	72,784,707
Buildings	2,672,843	146,005	-	(47,680)	2,771,168
Improvements other than buildings	2,740,149	-	-	(2,740,149)	-
Mobile equipment	3,611,737	345,314	349,427	29,082	3,636,706
Other furniture & equipment	1,187,774	49,269	174,433	-	1,062,610
Leased property under capital lease	1,640,959	694,832	261,917	(29,082)	2,044,792
Total accumulated depreciation	82,889,928	2,983,661	785,777	(2,787,829)	82,299,983
Depreciable capital assets, net	55,157,126	(2,053,743)	362,770	189,469	52,930,082
Governmental activities capital assets,	59,069,043	1,700,713	362,770	(1,686,040)	58,720,946

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Business-type Activities	Balance				Balance
	Oct. 1, 2017	Additions	Deletions	Adjustments	Sept. 30, 2018
Non-depreciable capital assets:					
Land	75,000	-	-	904,683	979,683
Total non-depreciable capital asse	75,000	-	-	904,683	979,683
Depreciable capital assets:					
Buildings	14,020,892	-	-	144,000	14,164,892
Improvements other than buildings	-	-	-	3,425,186	3,425,186
Mobile equipment	49,965	-	-	272,598	322,563
Furniture & equipment	121,055	7,079	-	-	128,134
Leased property under capital lease	19,188	-	-	(19,188)	-
Total depreciable capital assets	14,211,100	7,079	-	3,822,596	18,040,775
Less accumulated depreciated for:					
Buildings	2,243,352	283,299	-	47,680	2,574,331
Improvements other than buildings	-	-	-	2,740,149	2,740,149
Mobile equipment	44,969	3,455	-	238,434	286,858
Other furniture & equipment	39,388	10,029	-	-	49,417
Leased property under capital lease	10,365	-	-	(10,365)	-
Total accumulated depreciation	2,338,074	296,783	-	3,015,898	5,650,755
Total depreciable capital assets, net	11,873,026	(289,704)	-	806,698	12,390,020
Capital assets, net	11,948,026	(289,704)	-	1,711,381	13,369,703

Adjustments are to reclassify completed construction in progress to infrastructure, to reclassify paid capital leases to mobile equipment, to add capital assets omitted in error in prior year, and to move port assets from Governmental Activities to Business-type Activities.

Depreciation expense was charged to the following functions:

Governmental Activities	Amount
General government	\$ 220,666
Public safety	137,194
Public works	2,621,476
Econ Development	4,325
Total	\$ <u>2,983,661</u>

Business-type Activities	
Correctional facility	\$ 293,903
Port	2,880
Total	\$ <u>296,783</u>

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
ADA Improvements	unknown	undetermined
House Road Bridge LSBP-82(18)	unknown	undetermined
LSBP-82(19)	\$26,739	11/16/2018
SAP- 82 18	unknown	undetermined
SAP- 82 (10)M	unknown	undetermined
SAP- 82 (12) M	\$122,382	1/16/2019
LSBP-82 (21)	unknown	undetermined
LSBP-82 (22)	unknown	undetermined
STP- 0507 (9) B Anding Oil City Road	unknown	undetermined
STP- 0509(3) B Carter Road Grade	unknown	undetermined
Wildwood Rd Bridge LSBP 82(17)	unknown	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, 2018, to January 1, 2019. 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
For the Year Ended September 30, 2018

The following table provides changes in the balances of claims liabilities for fiscal years 2017 and 2018:

	2017	2018
Unpaid Claims, Beginning of Fiscal Year	\$ 191,223	295,704
Plus: Incurred Claims (Including IBNRs)	2,387,672	2,423,101
Less: Claims payments	<u>(2,283,191)</u>	<u>(2,263,042)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 295,704</u>	<u>455,763</u>

NOTE 9 – CAPITAL LEASES.

As Lessee

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

Classes of Property	Governmental Activities
Mobile equipment	\$ 5,191,826
E-911 Viper Upgrade	287,026
E-911 Equipment	127,427
Total	<u>5,606,279</u>
Less: Accumulated depreciation	<u>2,044,792</u>
Leased Property Under Capital Leases	<u>\$ 3,561,487</u>

The following is a schedule by years of the total payments due as of September 30, 2018:

Year Ending September 30:	Governmental Activities	
	Principal	Interest
2019	\$ 1,401,745	54,565
2020	732,740	24,147
2021	168,656	4,450
Total	\$ 2,303,141	83,162

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 offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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 75 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Contributions. At September 30, 2018, 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, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017, and 2016 were \$864,628, \$893,026, and \$835,010, 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, 2018, the County reported a liability of \$14,354,252 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was 0.0863 percent, which was based on a measurement date of June 30, 2018. This was a decrease of 0.0024 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$1,763,510. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 61,103	62,194
Net difference between projected and actual earnings on pension plan investments	-	334,439
Changes of assumptions	8,705	7,634
Changes in the proportion and differences between actual contributions and proportionate share of contributions	406,650	345,814
Contributions subsequent to the measurement date	209,996	-
	<u>\$ 686,454</u>	<u>750,081</u>

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

The \$209,996 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, 2019. 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
2019	\$ 292,700
2020	(62,014)
2021	(439,756)
2022	(64,553)
Total	\$ <u>(273,623)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation percentage	3.00%
Salary increases, including inflation	3.25 - 18.50%
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 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
	<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%) through June 30, 2019 and at 17.40% thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 18,900,434	14,354,252	10,575,778

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

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 12 – LONG TERM DEBT

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
2010 refunding bond	\$ 375,000	3.000 to 3.500%	2/2020
2012 general obligation bond	1,145,000	1.600 to 2.250%	9/2022
Total General Obligation Bonds	<u>1,520,000</u>		
B. Other Loans			
Fire trucks	\$ 31,051	2.000%	4/2019
Total Other Loans	<u>\$ 31,051</u>		
C. Capital Leases			
Dodge Chargers	76,486	2.150%	11/2020
Emergency Mgt Vehicle	6,121	2.375%	12/2018
Macktruck & Backhoes	560,986	1.650%	6/2019
Motor Graders	634,881	2.150%	7/2020
Excavator	79,221	3.010%	6/2020
JD Tractors & Mowers	266,106	2.430%	4/2020
Macktrucks	176,464	3.400%	8/2021
E-911 Viper Upgrade	169,256	6.470%	6/2021
E-911 Equipment	96,278	1.480%	11/2020
Garbage Trucks	116,193	2.295%	2/2019
Garbage Trucks	116,406	1.631%	10/2019
Economic Development Vehicle	4,743	2.375%	1/2019
Total Capital Leases	<u>2,303,141</u>		
Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Bond			
Regional Jail Refunding 2016	\$ 12,635,000	3.000 to 5.000%	7-2031
Total Bond	<u>12,635,000</u>		

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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
2019	\$ 450,000	30,979	31,051	233	825,000	455,437
2020	470,000	19,334			860,000	422,438
2021	295,000	10,034			890,000	388,037
2022	305,000	3,431			925,000	352,438
2023					965,000	315,438
2024-2028					5,275,000	1,004,698
2029-2031					2,895,000	171,575
Total	\$ 1,520,000	63,778	31,051	233	12,635,000	3,110,061

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 \$15,745,061.

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, 2018, the amount of outstanding debt was equal to 1.21% of the latest property assessments.

Prior Year Defeasance of Debt – In prior years, the County defeased certain bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2018, \$12,800,000 of bonds outstanding were considered defeased.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 217,523	15,760		-	233,283	
General obligation bonds	1,955,000		435,000		1,520,000	450,000
Add:						
Premiums	12,199		955		11,244	
Other loans	76,859	1,593,342	1,639,150		31,051	31,051
Capital leases	3,211,352	590,515	1,498,726		2,303,141	1,401,745
Total	\$ 5,472,933	2,199,617	3,573,831	-	4,098,719	1,882,796

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Business-Type Activities:						
Compensated absences	\$ 51,979	8,994		3,862	64,835	
Bonds	13,435,000		800,000		12,635,000	825,000
Add:						
Premiums	1,073,714		78,088		995,626	78,088
Capital leases	4,892		4,892		-	
Total	\$ 14,565,585	8,994	882,980	3,862	13,695,461	903,088

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, Yazoo County Regional Correctional Facility Fund and Port Fund.

NOTE 13 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

The following funds reported deficits in fund balances at September 30, 2018:

Fund	Deficit Amount
Governmental Activities	
Human Resource Agency:	
Foster Grandparent	\$ 3,624
Other Human Resource Agency Funds	4,668
Total	\$ 8,292
Business-Type Activities	
Enterprise Fund:	
Regional Jail Facility	\$ 2,724,924
Total	\$ 2,724,924

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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 \$(7,547,756) 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 \$170,097 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, 2019. The \$385,930 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$607,565 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

The governmental activities' net investment in capital assets net position of \$54,884,746 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$29,236 balance of deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 4 years.

The governmental activities' net position amount includes the effect of deferring the recognition of revenue resulting from property tax receivable. The \$6,965,000 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2018, will be recognized as revenue in the next fiscal year.

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 amount of \$39,899 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, 2019. The \$90,528 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$142,516 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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 \$706,896 for maintenance and support of the college in fiscal year 2018.

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 \$44,232 for support of the district in fiscal year 2018.

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 \$17,676 for support of the district in fiscal year 2018.

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.

NOTE 18 – REPORTS.

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will

YAZOO COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

include a Purchasing Report and Limited Compliance Review Report.

NOTE 19 – 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 January 20, 2020 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
2/15/2019	3.95%	\$	84,501	Loan	Advalorem taxes
3/11/2019	3.40%		560,000	Loan	Garbage fees
6/6/2019	3.291%		1,032,720	Loan	Advalorem taxes

YAZOO COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

YAZOO COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,601,205	5,700,651	5,913,951	213,300
Licenses, commissions and other revenue	622,256	522,810	491,919	(30,891)
Fines and forfeitures	185,470	185,470	184,185	(1,285)
Intergovernmental revenues	1,705,237	1,705,237	2,624,157	918,920
Charges for services	80,140	58,519	103,858	45,339
Interest income	58,519	80,140	-	(80,140)
Miscellaneous revenues	248,127	248,127	(2,104,236)	(2,352,363)
Total Revenues	<u>8,500,954</u>	<u>8,500,954</u>	<u>7,213,834</u>	<u>(1,287,120)</u>
EXPENDITURES				
Current:				
General government	6,293,279	6,293,279	5,695,092	598,187
Public safety	2,571,384	2,571,384	2,534,564	36,820
Health and welfare	185,440	185,440	172,195	13,245
Culture and recreation	211,075	211,075	256,075	(45,000)
Conservation of natural resources	145,134	145,134	134,327	10,807
Economic development and assistance	34,636	34,636	38,990	(4,354)
Total Expenditures	<u>9,440,948</u>	<u>9,440,948</u>	<u>8,831,243</u>	<u>609,705</u>
Excess of Revenues over (under) Expenditures	<u>(939,994)</u>	<u>(939,994)</u>	<u>(1,617,409)</u>	<u>(677,415)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	6,000	6,000
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Net Change in Fund Balance	(939,994)	(939,994)	(1,611,409)	(671,415)
Fund Balances- Beginning	<u>(1,675,000)</u>	<u>5,632,611</u>	<u>5,632,611</u>	<u>-</u>
Fund Balances- Ending	<u>\$ (2,614,994)</u>	<u>4,692,617</u>	<u>4,021,202</u>	<u>(671,415)</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, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,188,244	3,188,244	3,412,723	224,479
Road and bridge privilege taxes	254,500	254,500	277,794	23,294
Intergovernmental revenues	472,992	472,992	23,190	(449,802)
Interest income	9,400	9,400	13,420	4,020
Miscellaneous revenues	-	-	387,258	387,258
Total Revenues	<u>3,925,136</u>	<u>3,925,136</u>	<u>4,114,385</u>	<u>189,249</u>
EXPENDITURES				
Current:				
Public works	3,302,719	3,302,719	3,477,475	(174,756)
Debt service:				
Principal	1,107,417	1,107,417	1,179,440	(72,023)
Interest	-	-	30,286	(30,286)
Total Expenditures	<u>4,410,136</u>	<u>4,410,136</u>	<u>4,687,201</u>	<u>(277,065)</u>
Excess of Revenues over (under) Expenditures	<u>(485,000)</u>	<u>(485,000)</u>	<u>(572,816)</u>	<u>(87,816)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	1,475	1,475
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>1,475</u>	<u>1,475</u>
Net Change in Fund Balance	(485,000)	(485,000)	(571,341)	(86,341)
Fund Balances- Beginning	<u>(235,000)</u>	<u>3,262,305</u>	<u>3,262,305</u>	<u>-</u>
Fund Balances- Ending	<u>\$ (720,000)</u>	<u>2,777,305</u>	<u>2,690,964</u>	<u>(86,341)</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)
Bridge Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 347,940	347,940	372,086	24,146
Interest income	-	-	4,414	4,414
Miscellaneous revenues	-	-	313	313
Total Revenues	<u>347,940</u>	<u>347,940</u>	<u>376,813</u>	<u>28,873</u>
EXPENDITURES				
Current:				
Public works	<u>631,332</u>	<u>631,332</u>	<u>431,666</u>	<u>199,666</u>
Total Expenditures	<u>631,332</u>	<u>631,332</u>	<u>431,666</u>	<u>199,666</u>
Excess of Revenues over (under) Expenditures	<u>(283,392)</u>	<u>(283,392)</u>	<u>(54,853)</u>	<u>228,539</u>
Net Change in Fund Balance	(283,392)	(283,392)	(54,853)	228,539
Fund Balances- Beginning	<u>283,392</u>	<u>1,207,910</u>	<u>1,207,910</u>	
Fund Balances- Ending	<u>\$ -</u>	<u>924,518</u>	<u>1,153,057</u>	<u>228,539</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, 2018
UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.0863%	0.0887%	0.083%	0.085%	0.088%
County's proportionate share of the net pension liability (asset)	\$ 14,354,252	14,744,951	14,843,734	13,108,407	10,668,844
County's covered payroll	\$ 5,489,699	5,690,051	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	261.48%	259.09%	279.12%	247.50%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.54%	61.49%	57.47%	61.70%	67.21%

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

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

YAZOO COUNTY
Schedule of the County's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2018
UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 864,628	893,026	835,010	834,148
Contributions in relation to the contractually required contribution	<u>864,628</u>	<u>893,026</u>	<u>835,010</u>	<u>834,148</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,489,699	5,670,006	5,301,651	5,296,178
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

YAZOO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that 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>	<u>Bridge Fund</u>
Budget (Cash basis)	\$ (1,611,409)	(571,341)	(54,853)
Increase (Decrease)			
Net adjustments for revenue accruals	(952,925)	(5,531)	3,737
Net adjustments for expenditure accruals	<u>3,812,693</u>	<u>24,246</u>	<u>(19,727)</u>
GAAP Basis	<u>\$ 1,248,359</u>	<u>(552,626)</u>	<u>(70,843)</u>

YAZOO COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

UNAUDITED

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%.

2017

- The expectation of retired life mortality was change to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

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, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

UNAUDITED

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

YAZOO COUNTY

SUPPLEMENTARY INFORMATION

YAZOO COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2018

Operating Expenditures, Cash Basis:

Personnel	\$ 333,977
Expendable Commodities:	
Gasoline and petroleum products	77,661
Repair parts	15,672
Office, field and shop supplies	20,856
Solid waste contract and disposal fees	<u>249,109</u>

Solid Waste Cash Basis Operating Expenditures	697,275
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Full Cost Expenses:

Indirect administrative costs	2,956
Depreciation on equipment	124,611
Net effect of other accrued expenses	<u>6,836</u>

Solid Waste Full Cost Operating Expenses	<u>\$ 831,678</u>
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YAZOO COUNTY

OTHER INFORMATION

YAZOO COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
“Unaudited”

NAME	POSITION	AMOUNT OF BOND	COMPANY
Van Foster	Supervisor	100,000	Western Surety Co.
David Ford Berry, III	Supervisor	100,000	Fidelity & Deposit Co. of MD
Willie Wright	Supervisor	100,000	Fidelity & Deposit Co. of MD
Jayne H. Dew	Supervisor	100,000	Western Surety Co.
Cobie Collins	Supervisor	100,000	FCCI
Donna Kraft	County Administrator	100,000	Fidelity & Deposit Co. of MD
Quint Carver	Chancery Clerk	100,000	Brierfield Insurance Co
Robert Coleman	Circuit Clerk	100,000	Western Surety Co.
Beverly Ladner	Tax Assessor	50,000	Fidelity & Deposit Co. of MD
Jacob Sheriff	Sheriff	100,000	Western Surety Co.
Bennie K. Warrington	Justice Court Judge	50,000	Travelers Casualty & Surety
Pam I. May	Justice Court Judge	50,000	Brierfield Insurance Co
Demetrius Westbrook	Justice Court Clerk	50,000	Fidelity & Deposit Co. of MD
Teresa Lockett	Deputy Justice Court Clerk	50,000	Western Surety Co.
Patricia Lockett	Deputy Justice Court Clerk	50,000	Western Surety Co.
David Starling	Constable	50,000	State Farm Fire & Casualty Co.
Robert Peterson	Constable	50,000	Western Surety Co.
John Byrd	Purchase Clerk	75,000	Western Surety Co.
Tricia Y. Brumfield	Receiving Clerk	75,000	Western Surety Co.
Anita Pigg (Perry)	Director of Human Resources	100,000	Western Surety Co.
Cassandra Davis	Asst Receiving Clerk	50,000	Fidelity & Deposit Co. of MD
Cassandra Davis	Asst Receiving Clerk	50,000	Fidelity & Deposit Co. of MD
Henry Engleman	Asst Receiving Clerk	50,000	Western Surety Co.
Nellie Hollis	DHS - Asst Receiving Clerk	50,000	Fidelity & Deposit Co. of MD
Patricia Fletcher	Inventory Clerk	50,000	Fidelity & Deposit Co. of MD
James Warrington, Jr.	Road Manager	50,000	Western Surety Co.
Susan Jenkins	Deputy Tax Assessor	50,000	Fidelity & Deposit Co. of MD
Bruce Templeton	Tax Assessor - Appraiser	50,000	Fidelity & Deposit Co. of MD
Marilyn Winstead	Deputy Tax Assessor	50,000	Western Surety Co.
Joetta Harris	Deputy Tax Assessor	50,000	Western Surety Co.
Patricia Aldridge	Sheriff's Deputy	50,000	FCCI Insurance Group
Courtney Granderson	Sheriff's Deputy	50,000	Western Surety Co.
George Tindle, Jr.	Sheriff's Deputy	50,000	Western Surety Co.
Terry Gann	Sheriff's Deputy-Chief Investigator	50,000	Western Surety Co.
Eureka Johnson	Sheriff's Deputy	50,000	Western Surety Co.
Randall Rucker, Jr.	Sheriff's Deputy	50,000	Western Surety Co.
Dustin Wadford	Sheriff's Deputy	50,000	Western Surety Co.
Richard Speight	Sheriff's Deputy	50,000	Western Surety Co.
Jacqueline Hudson (Shelton)	Sheriff's Deputy	50,000	Western Surety Co.
(Rex) Slaton King	Sheriff's Deputy	50,000	Western Surety Co.
Demarcus Taylor	Sheriff's Deputy	50,000	Western Surety Co.
Loraine Hudson	Sheriff's Deputy	50,000	Western Surety Co.
Cory Freeman	Sheriff's Deputy	50,000	Western Surety Co.
Joseph Head	Sheriff's Deputy	50,000	Western Surety Co.
Michael Wilson	Sheriff's Deputy	50,000	Western Surety Co.
Simon Stubblefield	Sheriff's Deputy	50,000	Western Surety Co.
Jason Bright	Sheriff's Deputy	50,000	Western Surety Co.
Christopher Dean	Sheriff's Deputy	50,000	Western Surety Co.
Edward Ferrell	Sheriff's Deputy	50,000	Western Surety Co.
John M. Gibson	Sheriff's Deputy - Reserve	50,000	Western Surety Co.
Henry Collins, Jr.	Sheriff's Deputy - Reserve	50,000	Western Surety Co.
Marvin Galloway	Sheriff's Deputy - Reserve	50,000	Western Surety Co.
Ashley Saxton	Deputy Tax Collector	50,000	Fidelity & Deposit Co. of MD
Anita Scott Scrump	Deputy Tax Collector	50,000	Fidelity & Deposit Co. of MD
Mary Grace Jackson	Deputy Tax Collector	50,000	Fidelity & Deposit Co. of MD
Shelly Gilmore	Deputy Tax Collector	50,000	Western Surety Co.
Jakese Westbrook Martin	Deputy Tax Collector	50,000	Western Surety Co.
Janet Adams	Deputy Circuit Clerk	50,000	Western Surety Co.
Crystal Collins	Deputy Circuit Clerk	50,000	Fidelity & Deposit Co. of MD
Robert Dixon	Engineer	50,000	Fidelity & Deposit Co. of MD
Addie M Robinson	Office Manager	75,000	Western Surety Co.

YAZOO COUNTY

SPECIAL REPORTS

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

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

Members of the Board of Supervisors
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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 20, 2020. The report is qualified on the governmental activities, business-type activities, Yazoo County Regional Jail Fund and Port 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 Responses as items 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005 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*.

Yazoo County's Responses to Findings

Yazoo County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. 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
January 20, 2020

YAZOO COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

YAZOO COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2018

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
General Fund	Unmodified
Road Fund	Unmodified
Bridge Fund	Unmodified
Yazoo County Regional Jail Fund	Qualified
Port 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

Section 2: Financial Statement Findings

Material Weaknesses

2018-001. The County does not record a liability for other postemployment benefits in the governmental activities, business-type activities, Yazoo County Regional Jail Fund and Port Fund.

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. 75 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, Yazoo County Regional Jail Fund and Port Fund. The County does not issue a publicly available financial report for their health insurance plan.

Condition GASB Statement No. 75 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

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	county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.
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, business-type activities, Yazoo County Regional Jail Fund and Port Fund.
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.
Response	We believe that the cost of compliance with this statement outweighs the benefits, therefore we will not have an actuarial valuation performed.
2018-002.	<u>The County did not prepare the Schedule of Expenditures of Federal Awards.</u>
Repeat Finding	Yes
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.
Response	At the present time, I do not have the staff available for this.
2018-003.	<u>Untimely recognition of electronic fund deposits</u>
Repeat Finding	Yes
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.

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Effect	Cash balances were misstated at year end.
Recommendation	The County should ensure that deposits are recorded in the general ledger accurately and in a timely manner.
Response	Repeated discussions with Chancery Clerk to please take proper action on this as Treasurer of the County. Chancery Clerk has ignored.
2018-004.	<u>Untimely and improper bank reconciliations</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our test work we found that bank reconciliations had been prepared, but did not reconcile back to the general ledger cash balances.
Effect	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.
Recommendation	The County should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
Response	Repeated discussions with Chancery Clerk to take proper action as Treasurer of the County. Chancery Clerk continues to ignore importance of this responsibility.
2018-005.	<u>Controls over classifications should be strengthened</u>
Repeat Finding	Yes
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.
Cause	Numerous 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.
Response	My staff working towards transactions in disbursements being properly classified. Deposits recorded as miscellaneous by Chancery Clerk.