

OKTIBBEHA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015

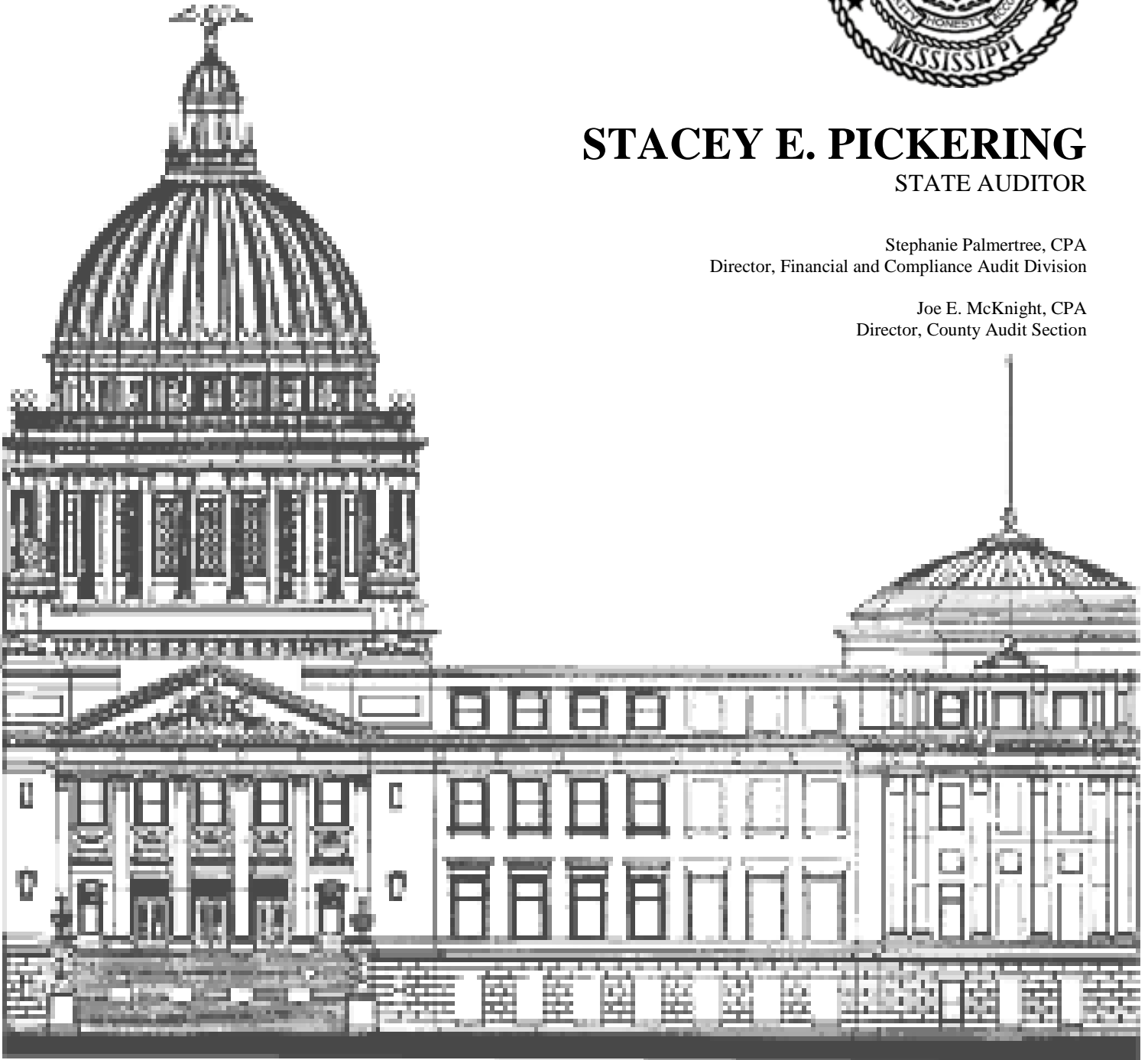


STACEY E. PICKERING

STATE AUDITOR

Stephanie Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

June 28, 2017

Members of the Board of Supervisors
Oktibbeha County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2015 financial and compliance audit report for Oktibbeha County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Oktibbeha County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Oktibbeha County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

FINANCIAL SECTION

OKTIBBEHA COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Oktibbeha County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial

statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units would have been presented as \$115,863,045, \$24,397,140, \$91,465,905, \$75,543,521 and \$72,596,783.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Oktibbeha County, Mississippi, as of September 30, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi, as of September 30, 2015, 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 Management’s Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County’s Proportionate Share of the New Pension Liability, Schedule of the County’s Contributions, and the Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 June 28, 2017 on our consideration of Oktibbeha County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oktibbeha County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is fluid and cursive, with the first name "Joe" and last name "Mcknight" clearly legible.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 28, 2017

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015 UNAUDITED

The discussion and analysis of Oktibbeha County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year has been presented as required.

Oktibbeha County is located in northeastern Mississippi. The population, according to the 2010 census is 47,671. The local economic base is mainly Manufacturing, Research/Technology, and Mississippi State University.

FINANCIAL HIGHLIGHTS

Oktibbeha County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Oktibbeha County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase.

Total net position decreased \$8,298,388 which represents a decrease of 25.30% from the prior fiscal year. The County's ending cash balance increased by \$1,401,704 from the prior fiscal year.

The County had \$23,279,963 in total revenues. Property tax revenues account for \$15,593,197 or 66.98% of total revenues. Intergovernmental revenues in the form of reimbursements, shared revenue or grants, account for \$2,886,143 or 12.40% of total revenues.

The County had \$19,770,057 in total expenses, which represents an increase of \$1,519,210 or 8.32% increase from the prior fiscal year. Expenses in the amount of \$4,415,688 were offset by charges for services, grants or outside contributions. General revenues of \$18,864,275 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$12,083,147 in revenues and \$10,551,947 in expenditures. The General Fund's fund balance increased by \$1,306,561 which included excess revenues over expenses of \$1,531,200 plus the decrease from the net effect of other financing sources and uses of \$224,639 which included transfers in from other government funds of \$7,237 and transfers out to other governmental funds of \$231,876.

Among major funds, the Countywide Road Maintenance Fund had \$2,290,149 in revenues and \$2,386,452 in expenditures. The Countywide Road Maintenance Fund's fund balance decreased by \$76,608 which included an excess of expenses over revenues of \$96,303 plus the increase from the net effect of other financing sources and uses of \$19,695 representing proceeds from the sale of capital assets.

Among major funds, the Countywide Bridge and Culvert Fund had \$2,388,520 in revenue and \$2,545,401 in expenditures. The Countywide Bridge and Culvert Fund's fund balance had a decrease of \$16,881 from the prior year which included an excess of expenses over revenues of \$156,881 and an increase from the net effect of other financing sources and uses of \$140,000 resulting from long-term capital debt issuance.

Capital assets, net of accumulated depreciation, increased by \$1,835,031.

Long-term debt decreased by \$1,056,245.

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

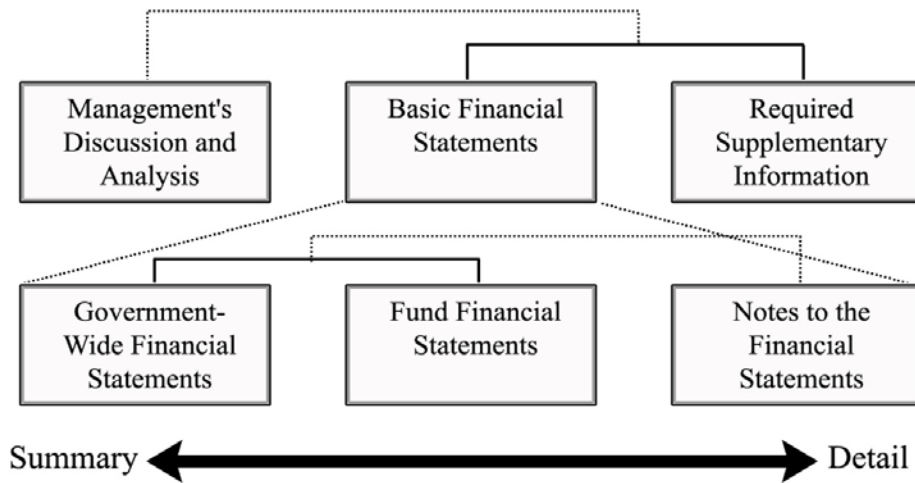


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
UNAUDITED

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

	Government Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	The County is the trustee or agent for someone else's resources
Required financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of Activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues expenditures and changes in fund balances 	Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital and short and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short and long term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015 UNAUDITED

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). However, the County had no business-type activities. The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; conservation of natural resources; economic development; and interest on long-term debt.

The Government-wide Financial Statements can be found on pages 19 and 20 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 22 and 24, respectively.

The County maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 21 and 23 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 25 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 27 through 46 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 49 through 51 of this report.

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
UNAUDITED

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position —Net position may serve over time as a useful indicator of government's financial position. In the case of Oktibbeha County, assets and deferred outflows of resources exceeded liabilities and deferred outflows and deferred inflows of resources by \$24,507,899 as of September 30, 2015.

By far, the largest portion of the County's net position 189.32% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal year ended September 30, 2015 as compared to September 30, 2014.

	Governmental Activities 2015	Governmental Activities 2014
Current assets	\$ 31,898,761	30,657,307
Capital assets, net	47,569,078	45,734,047
Total assets	79,467,839	76,391,354
Deferred outflow of resources	2,661,679	0
Current liabilities	2,163,647	2,121,406
Long-term liabilities	41,955,473	27,732,033
Total liabilities	44,119,120	29,853,439
Deferred inflows of resources	13,502,499	13,731,628
Net position:		
Net investment in capital assets	46,399,341	44,275,016
Restricted	6,927,770	5,649,193
Unrestricted	(28,819,212)	(17,117,922)
Total net position	\$ 24,507,899	32,806,287

The following are significant current year transactions that have had an impact on the Statement of Net Position

- \$1,898,515 completed road and bridge construction projects and \$664,354 increase in road and bridge construction in progress projects had a significant impact on the Statement of Net Position for the period ending September 2015.
- Implementation of GASB 68 & 71 resulting in an accounting prior period accounting adjustment of \$(11,808,294) had a significant impact on the Statement of Net Position for the period ending September 2015.

Changes in Net Position — Oktibbeha County's total revenues for the fiscal year ending September 30, 2015 were \$23,279,963. The total cost for all services provided were \$19,770,057. Net position decreased by \$8,298,388 from the prior fiscal year. This decrease consists of revenues exceeding expenses by \$3,509,906 and a prior period adjustment of \$(11,808,294).

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
UNAUDITED

The following table represents a summary of the changes in the County's net position for the fiscal year ended September 30, 2015 as compared to September 30, 2014.

	<u>2015</u>	<u>2014</u>
Revenue:		
Program revenues:		
Charges for services	\$ 2,804,490	2,842,530
Operating grants & contributions	1,219,229	1,520,487
Capital grants & contributions	391,969	87,435
General revenues:		
Property taxes	15,593,197	14,877,759
Road & bridge privilege taxes	435,132	429,297
Grants & contributions not restricted to specific programs	1,274,945	993,353
Unrestricted Gifts & Donations	194,273	0
Unrestricted interest income	38,804	10,462
Miscellaneous	1,327,924	1,337,991
Total revenues	<u>23,279,963</u>	<u>22,099,314</u>
Expenses		
General government	4,744,612	5,681,618
Public safety	4,967,922	5,309,611
Public works	4,246,943	3,766,926
Health and welfare	1,669,031	1,684,319
Culture and recreation	414,596	425,935
Education	77,542	79,793
Conservation of Natural resources	121,081	118,178
Economic development & assistance	779,326	180,233
Interest on long-term debt	974,626	1,004,234
Pension expense	1,774,378	
Total expenses	<u>19,770,057</u>	<u>18,250,847</u>
Change in net position	3,509,906	3,848,467
Prior period adjustment	(11,808,294)	(622,783)
Total change in net position	<u>(8,298,388)</u>	<u>3,225,684</u>

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015 UNAUDITED

Governmental Activities - The following table presents the cost of the major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Education, Conservation of Natural Resources Economic Development and Assistance and Interest on Long Term Debt.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity). The net cost shows the financial burden that was placed on Oktibbeha County's taxpayers by each of these functions.

	Total Cost	Net Cost
General government	\$ 4,744,612	\$ 3,477,651
Public safety	4,967,922	3,247,883
Public works	4,246,943	3,101,924
Health and welfare	1,669,031	1,640,081
Culture & recreation	414,596	414,596
Education	77,542	77,542
Conservation of natural resources	121,081	121,081
Economic development & assistance	779,326	524,607
Interest on long term debt	974,626	974,626
Pension expense	1,774,378	1,774,378

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds — At the close of the fiscal year, Oktibbeha County's governmental funds reported a combined fund balance of \$14,918,137 an increase of \$1,306,915. The primary reasons for this increase are highlighted in the analysis of governmental activities. In addition, other factors that affected ending fund balance are as follows:

Excess revenues over expenses of \$1,147,220; plus the net effect of other financing sources of \$159,695 from the issuance of long-term debt, insurance loss recoveries, and the sale of out dated equipment account for the increase in fund balances.

The General Fund is the principal operating fund of the County, and did have an increase in the year-end fund balance over the prior year of \$1,306,561.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Oktibbeha County revised its annual operating budget on several occasions. Significant budget amendments are explained as follows:

Budgeted revenues from state and federal sources were amended to account for grants awarded.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of September 30, 2015, Oktibbeha County's total gross capital assets were \$107,169,555. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$3,140,346 which included an increase of \$158,261 in mobile equipment, an increase of \$17,651 in lease- purchases of equipment, an increase of \$150,150 in furniture and equipment and an increase of \$2,673,555 of additional bridge and road projects and safe-room construction in progress of \$140,729 in 2015.

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015 UNAUDITED

Total accumulated depreciation as of September 30, 2015 was \$59,600,477 including \$1,418,767 of depreciation expense for the current year. The balance in total net capital assets was \$47,469,078 at year-end.

Additional information on Oktibbeha County's capital assets is in note 6 on page 35 of this report.

Debt Administration — At September 30, 2015, Oktibbeha County had \$26,608,079 in long-term debt outstanding. This includes general obligation bonds, other loans and obligations under capital lease. Of this debt, \$1,153,700 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt as of September 30, 2015 was equal to 6.94% of the latest property assessments. Additional information on Oktibbeha County's long-term debt can be found in note 11 on page 43 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

With Mississippi State University located in Oktibbeha County, the City of Starkville and the County continue to reap the benefits of the staff and now over 20,000 students living here almost year round and spending their money here. Apartment complexes continue to be built to keep up with the demand for off-campus student housing. Condominium complexes are being built and sold to MSU alumni returning to Starkville to attend MSU sporting events. An upscale assisted living facility is scheduled to open in Starkville in early 2016.

The Cotton Mill Convention Center and Marketplace opened in 2015 which includes a full service hotel and convention center, several retail shops and dining establishments.

Oktibbeha County has joined Lowndes and Clay Counties and formed The Golden Triangle Economic Development Link. Yokohama Tire Corporation is now open and will provide 1200 jobs in the Golden Triangle when producing at full capacity. Oktibbeha County traditionally has a 35% to 40% share in jobs and new residents when a new industry moves into the Golden Triangle area. The Link is a one of a kind venture and potentially the wave of the future in economic development strategy.

With the new partnership in the Link and MSU's continued student growth, the future looks very bright for Oktibbeha County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Emily Garrard, Oktibbeha County Administrator at P.O. Box 80285, Starkville, Mississippi 39759.

OKTIBBEHA COUNTY

FINANCIAL STATEMENTS

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 16,253,275
Cash with fiscal agent	7
Property tax receivable	13,407,332
Accounts receivable (net of allowance for uncollectibles of \$2,152,113)	310,615
Fines receivable (net of allowance for uncollectibles of \$6,895,203)	1,357,330
Intergovernmental receivables	442,315
Other receivables	127,887
Capital assets:	
Land and construction in progress	3,992,336
Other capital assets, net	43,576,742
Total Assets	<u>79,467,839</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,661,679
Total Deferred Outflows of Resources	<u>2,661,679</u>
LIABILITIES	
Claims payable	1,185,547
Intergovernmental payables	428,139
Accrued interest payable	258,300
Unearned revenue	23,623
Amounts held in custody for others	226,474
Claims and judgments payable	41,564
Long-term liabilities	
Other postemployment benefits payable	171,166
Net pension liability	15,176,228
Due within one year:	
Capital debt	391,854
Non-capital debt	761,846
Due in more than one year:	
Capital debt	777,883
Non-capital debt	24,676,496
Total Liabilities	<u>44,119,120</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	95,167
Deferred revenues - property taxes	13,407,332
Total deferred inflows of resources	<u>13,502,499</u>
NET POSITION	
Net investment in capital assets	46,399,341
Restricted for:	
Expendable:	
General government	462,121
Public safety	1,249,792
Public works	1,726,031
Health and welfare	1,281,023
Debt service	2,208,803
Unrestricted	(28,819,212)
Total Net Position	<u>\$ 24,507,899</u>

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

OKTIBBEHA COUNTY
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 4,744,612	1,194,839	72,122		(3,477,651)
Public safety	4,967,922	664,605	771,684	283,750	(3,247,883)
Public works	4,246,943	945,046	105,380	94,593	(3,101,924)
Health and welfare	1,669,031		15,324	13,626	(1,640,081)
Culture and recreation	414,596				(414,596)
Education	77,542				(77,542)
Conservation of natural resources	121,081				(121,081)
Economic development and assistance	779,326		254,719		(524,607)
Interest on long-term debt	974,626				(974,626)
Pension expense	1,774,378				(1,774,378)
Total Governmental Activities	19,770,057	2,804,490	1,219,229	391,969	(15,354,369)
General revenues:					
Property taxes				\$ 15,593,197	
Road & bridge privilege taxes				435,132	
Grants and contributions not restricted to specific programs				1,274,945	
Unrestricted gifts and donations				194,273	
Unrestricted interest income				38,804	
Miscellaneous				1,327,924	
Total General Revenues				18,864,275	
Changes in Net Position				3,509,906	
Net Position - Beginning, as previously reported				32,806,287	
Prior period adjustment				(11,808,294)	
Net Position - Beginning, as restated				20,997,993	
Net Position - Ending				\$ 24,507,899	

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

OKTIBBEHA COUNTY
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds				
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge and Culvert Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 9,077,816	409,918	876,254	5,889,287	16,253,275
Cash with fiscal agent				7	7
Property tax receivable	7,950,917	1,463,472	1,967,926	2,025,017	13,407,332
Accounts receivable (net of allowance for uncollectibles of \$2,152,113)				310,615	310,615
Fines receivable (net of allowance for uncollectibles of \$6,895,203)	1,357,330				1,357,330
Intergovernmental receivables	287,049	58,361		96,905	442,315
Other receivables	15,680			112,207	127,887
Due from other funds		52,743	24,901	30,020	107,664
Total Assets	\$ 18,688,792	1,984,494	2,869,081	8,464,058	32,006,425
LIABILITIES					
Liabilities:					
Claims payable	\$ 554,073	115,392	116,135	399,947	1,185,547
Intergovernmental payables	408,089	20,050			428,139
Due to other funds	117,906				117,906
Unearned revenue				23,623	23,623
Amounts held in custody for others	216,232				216,232
Claims and judgments payable	41,564				41,564
Total Liabilities	\$ 1,337,864	135,442	116,135	423,570	2,013,011
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	7,950,917	1,463,472	1,967,926	2,025,017	13,407,332
Unavailable revenue - fines	1,357,330				1,357,330
Unavailable revenue - accounts receivable				310,615	310,615
Total deferred inflows of resources	\$ 9,308,247	1,463,472	1,967,926	2,335,632	15,075,277
Fund balances:					
Restricted for:					
General government				462,121	462,121
Public safety				1,249,792	1,249,792
Public works		385,580	785,020	244,816	1,415,416
Health and welfare				1,281,023	1,281,023
Culture and recreation					
Debt service				2,467,103	2,467,103
Unassigned	8,042,681			1	8,042,682
Total Fund Balances	\$ 8,042,681	385,580	785,020	5,704,856	14,918,137
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,688,792	1,984,494	2,869,081	8,464,058	32,006,425

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

OKTIBBEHA COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,918,137
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 \$59,600,477.	47,569,078
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	1,357,330
Accounts receivable	310,615
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(26,608,079)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(171,166)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(15,176,228)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(258,300)
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	2,661,679
Deferred inflows of resources related to pensions	<u>(95,167)</u>
Total Net Position - Governmental Activities	\$ <u><u>24,507,899</u></u>

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

OKTIBBEHA COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2015

	Major Funds			Other	Total
	General	Countywide	Countywide	Governmental	Governmental
	Fund	Road Maintenance	Bridge and Culvert	Funds	Funds
	Fund	Fund	Fund		
REVENUES					
Property taxes	\$ 9,553,521	1,133,230	2,379,938	2,526,508	15,593,197
Road and bridge privilege taxes		435,132			435,132
Licenses, commissions and other revenue	443,600	1,077	1,494	30,988	477,159
Fines and forfeitures	499,189			36,705	535,894
Intergovernmental revenues	1,252,554	710,873	4,545	918,171	2,886,143
Charges for services	202,378			1,378,263	1,580,641
Interest income	25,492	589	2,543	10,180	38,804
Miscellaneous revenues	106,413	9,248		1,205,173	1,320,834
Total Revenues	12,083,147	2,290,149	2,388,520	6,105,988	22,867,804
EXPENDITURES					
Current:					
General government	4,507,393			353,770	4,861,163
Public safety	4,173,362			1,223,925	5,397,287
Public works	102,691	2,370,618	2,348,082	1,377,429	6,198,820
Health and welfare	462,742			1,230,901	1,693,643
Culture and recreation	401,560			13,036	414,596
Education	37,296				37,296
Conservation of natural resources	130,033				130,033
Economic development and assistance	524,607			254,719	779,326
Debt service:					
Principal	204,424	14,959	190,886	817,727	1,227,996
Interest	7,839	875	6,433	965,277	980,424
Total Expenditures	10,551,947	2,386,452	2,545,401	6,236,784	21,720,584
Excess of Revenues over (under) Expenditures	1,531,200	(96,303)	(156,881)	(130,796)	1,147,220
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued			140,000		140,000
Proceeds from sale of capital assets		19,695			19,695
Transfers in	7,237			231,876	239,113
Transfers out	(231,876)			(7,237)	(239,113)
Total Other Financing Sources and Uses	(224,639)	19,695	140,000	224,639	159,695
Net Changes in Fund Balances	1,306,561	(76,608)	(16,881)	93,843	1,306,915
Fund Balances - Beginning of year	6,736,120	462,188	801,901	5,611,013	13,611,222
Fund Balances - Ending	\$ 8,042,681	385,580	785,020	5,704,856	14,918,137

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

OKTIBBEHA 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, 2015

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,306,915
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 \$3,072,130 and donated asset of \$194,273 exceeded depreciation of \$1,418,767 in the current period.	1,847,636
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 of \$7,090 and the proceeds from the sale of \$19,695 in the current period.	(12,605)
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.	201,193
Solid waste 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.	9,603
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 \$1,227,996 exceeded debt proceeds of \$140,000.	1,087,996
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:	
Increase in compensated absences liability	(35,382)
Decrease in accrued interest payable	5,798
Amortization of bond premium	3,631
Change in other post employment benefits	(103,457)
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	(1,774,378)
Recording of contributions made during the year	972,956
Change in Net Position of Governmental Activities	\$ <u>3,509,906</u>

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

OKTIBBEHA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 259,546
Due from other funds	10,242
Total Assets	\$ <u>269,788</u>
LIABILITIES	
Other liabilities	\$ 132,517
Intergovernmental payables	137,271
Total Liabilities	\$ <u>269,788</u>

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

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Oktibbeha County Hospital

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental 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. 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 governmental function is self-financing or draws from the general revenues of the County.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

The Government-wide 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.

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.

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

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

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

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

I. Deferred Outflows/Inflows of Resources:

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

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

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

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

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

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

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

J. 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.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

K. 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, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

L. 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 nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

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:

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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.

M. Property Tax Revenues:

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

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

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

N. Intergovernmental Revenues in Governmental Funds.

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

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

P. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

A summary of the significant fund equity adjustments is as follows:

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Exhibit 2 – Statement of Activities.

Explanation	Amount
Implementation of GASB 68 & 71:	
Net pension liability (measurement date)	\$ (12,034,145)
Deferred outflows of resources - contributions	225,851
Total prior period adjustments	\$ (11,808,294)

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$16,512,821, and the bank balance was \$16,811,449. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road Maintenance Fund	General Fund	\$ 52,743
Countywide Bridge & Culvert Fund	General Fund	24,901
Other Governmental Funds	General Fund	30,020
Agency Funds	General Fund	10,242
Total		\$ 117,906

The receivables represent the tax revenue collected in September 2015, but not settled until October, 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

OKTIBBEHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 7,237
Other Governmental Funds	General Fund	<u>231,876</u>
Total		\$ <u>239,113</u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 209,969
Motor vehicle fuel tax	52,945
Home program grant	48,800
Emergency management performance grant	40,126
Assistance to firefighters grant	36,300
City of Starkville - reimbursement for housing prisoners	16,050
Gas severance tax	11,805
State and community highway safety grant	12,249
Alcohol open container grant	6,063
Motor vehicle licenses	4,641
Other	<u>3,367</u>
Total Governmental Activities	\$ <u>442,315</u>

OKTIBBEHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2015

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2015:

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments *	Balance Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 1,016,113	-	-	-	1,016,113
Construction in progress	2,060,454	1,626,098		(710,329)	2,976,223
Total non-depreciable capital assets	3,076,567	1,626,098	-	(710,329)	3,992,336
Depreciable capital assets:					
Infrastructure	82,083,623	1,188,186		710,329	83,982,138
Buildings	8,227,827				8,227,827
Mobile equipment	8,006,297	269,623	111,362		8,164,558
Furniture and equipment	1,193,981	42,496	14,695	122,349	1,344,131
Leased property under capital leases	1,440,914	140,000		(122,349)	1,458,565
Total depreciable capital assets	100,952,642	1,640,305	126,057	710,329	103,177,219
Less accumulated depreciated for:					
Infrastructure	47,710,526	711,116			48,421,642
Buildings	2,793,191	141,374			2,934,565
Mobile equipment	6,140,339	291,574	100,226		6,331,687
Furniture and equipment	1,063,560	24,761	13,226	121,127	1,196,222
Leased property under capital leases	587,546	249,942		(121,127)	716,361
Total accumulated depreciation	58,295,162	1,418,767	113,452	-	59,600,477
Total depreciable capital assets, net	42,657,480	221,538	12,605	710,329	43,576,742
Governmental activities capital assets, \$	45,734,047	1,847,636	12,605	-	47,569,078

*Adjustments were made to transfer construction in progress of roads and bridges completed during the year to infrastructure and to transfer leased mobile equipment under capital leases that were paid off during the fiscal year.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 119,713
Public safety	212,943
Public works	1,045,865
Education	40,246
Total governmental activities depreciation expense	\$ 1,418,767

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
County Road - AW Williams Road	\$ 330,000	September 2016
County Road - Brown Road	300,000	September 2016
County Road - Pat Station Road	840,000	September 2017
State Aid Road - Artesia Road	4,100	September 2016
State Aid Road - Crawford Bridge	8,500	September 2016
State Aid Road - Dotson Bridge	1,750	September 2016
State Aid Road - Old Hwy 12/New Light Road	57,546	September 2016
State Aid Road - Douglastown Road	298,000	September 2016
State Aid Road - McHann Bridge	216,000	September 2017
State Aid Road - Longview Road Bridge	1,303,800	September 2017
State Aid Road - Longview Road	1,298,000	Unknown

(7) 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, 2015, to January 1, 2016. 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 financed 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, from October 1, 2014 through November 30, 2014. 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). The following table provides changes in the balances of claims liabilities for fiscal years 2014 and 2015:

	2014	2015
Unpaid Claims, Beginning of Fiscal Year	\$ 310,505	277,439
Plus: Incurred Claims (Including IBNRs)	2,392,967	437,521
Less: Claims Payments	(2,426,033)	(714,960)
Unpaid Claims, End of Fiscal Year	277,439	-

Beginning December 1, 2014 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund to account for and finance its uninsured risk of loss relating to employee health and dental coverage.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Oktibbeha County

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for the County, to the extent that actual claims submitted exceed the predetermined premium. The County has purchased coinsurance which functions on a specific stop loss coverages. 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 expenditures 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). At September 30, 2015, the amount of these liabilities was \$14,938. An analysis of claims activities is presented below:

	<u>2015</u>
Unpaid Claims, Beginning of Fiscal Year	\$ -
Plus: Incurred Claims (Including IBNRs)	1,278,989
Less: Claims Payments	<u>(1,237,425)</u>
Unpaid Claims, End of Fiscal Year	<u><u>\$ 41,564</u></u>

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 1,458,565
Less: Accumulated depreciation	<u>(716,361)</u>
Leased Property Under Capital Leases	<u><u>\$ 742,204</u></u>

The following is a schedule by years of the total payments due as of September 30, 2015:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 256,268	5,915
2017	148,292	1,374
2018	<u>4,000</u>	<u>7</u>
Total	<u><u>\$ 408,560</u></u>	<u><u>7,296</u></u>

(9) Other Postemployment Benefits.

Plan Description

The Oktibbeha 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 Oktibbeha County Board of Supervisors. The County was self-insured through the Mississippi Public Employee Benefit Trust with reinsurance purchased from a commercial insurance company that is effective for claims in excess of \$50,000 and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

GASB Statement 45 as a single employer defined benefit health care plan. Effective October 1, 2012, the County implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2015, retiree premiums range from \$320.10 to \$935.00 depending on dependent coverage and Medicare eligibility.

Actuarial Valuation

The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of September 30, 2015. The plan presently has an actuarial valuation performed bi-annually in order to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC was determined assuming the plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2015:

Annual required contribution	\$	103,069
Interest on prior year net OPEB obligation		5,345
Adjustment to annual required contribution		(7,727)
Annual OPEB cost		100,687
Contributions made		(63,143)
Increase in net OPEB obligation		37,544
Net OPEB obligation - Beginning of year		133,622
Net OPEB obligation - End of year	\$	171,166

The following table provides the County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2015:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 104,503	35.2%	\$ 67,709
2014	103,295	36.2%	133,622
2015	100,687	62.7%	171,166

Funding Status and Funding Progress

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

The following table provides funding information for the most recent actuarial valuation date:

Actuarial Valuation Date		10/1/2014
Actuarial Value of Plan Assets	\$	0
Actuarial Accrued Liability (AAL) Entry Age Normal	\$	999,020
Unfunded AAL (UAAL)	\$	999,020
Funded Ratio		0.00%
Annual Covered Payroll	\$	*N/A
UAAL as a Percentage of Annual Covered Payroll		*N/A

*Actuarial Accrued Liability is determined under the projected unit cost method which benefits are not tied to payroll amounts.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	October 1, 2014
Actuarial cost method	Projected Unit Credit Actuarial Cost Method
Amortization method	Level Dollar, Closed
Remaining amortization period	30 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return*	4.00%
Projected salary increases**	N/A
Healthcare cost trend rate*	6.60%
Ultimate trend rate	4.30%
Year of ultimate trend rate	2090
*Includes price inflation at	2.30%
**Includes wage inflation at	N/A

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2015, 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, 2015 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, 2015, 2014 and 2013 were \$972,956, \$936,085 and \$849,074, 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, 2015, the County reported a liability of \$15,176,228 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.098177 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,774,378. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 233,554	-
Net difference between projected and actual earnings on pension plan investments	887,972	-
Changes of assumptions	1,307,380	-
Changes in the County's proportionate share	-	95,167
County contributions subsequent to the measurement date	-	-
	<u>232,773</u>	<u>-</u>
Total	<u>\$ 2,661,679</u>	<u>95,167</u>

\$232,773 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, 2016. 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:

2016	\$ 753,526
2017	753,526
2018	604,694
2019	<u>221,993</u>
	<u>\$ 2,333,739</u>

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.0%	6.15%
Cash	1.00%	-5%
Total	<u>100.00 %</u>	

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

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 20,003,659	15,176,228	11,170,363

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

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(11) Long-term Debt.

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
2009 Oktibbeha County Hospital	\$ 19,050,000 *	3.00-4.125%	11/2034
2010 Oktibbeha County Hospital	5,850,000 **	2.00-4.125%	09/2035
2011 Refunding bonds road & bridge construction	<u>750,000</u>	2.00-3.25%	03/2021
Total General Obligation Bonds	<u>\$ 25,650,000</u>		
B. Capital Leases:			
(15) Dodge chargers	\$ 93,652	1.81%	02/2016
(8) 2014 Western Star trucks	185,880	1.55%	07/2017
(2) 2006 International 4300 dump trucks	30,941	2.24%	09/2017
2011 & 2012 Backhoes	<u>98,087</u>	1.95%	10/2017
Total Capital Leases	<u>\$ 408,560</u>		
C. Other Loans:			
Service Zone cap loan	\$ 9,717	5.66%	04/2016
Service Zone cap loan	14,896	5.66%	05/2016
2013 FTL/asphalt distribution truck	<u>4,188</u>	1.75%	10/2015
Total Other Loans	<u>\$ 28,801</u>		

*These bonds are secured by the full faith and credit and taxing power of the County as well as additional net revenues from the Oktibbeha County Hospital. However, any assets acquired or improvements made with the proceeds of these bonds are not included in Oktibbeha County's financial statements. Oktibbeha County Hospital contributed \$1,182,864 to the County during fiscal year 2015 towards reducing the outstanding debt.

**These bonds are secured by the full faith and credit and taxing power of the County. However, any assets acquired or improvements made with the proceeds of these bonds are not included in Oktibbeha County's financial statements.

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

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 865,000	927,645	28,801	1,227
2017	905,000	897,419	-	-
2018	940,000	866,276	-	-
2019	985,000	833,133	-	-
2020	1,025,000	797,770	-	-
2021 - 2025	5,385,000	3,468,080	-	-
2026 - 2030	6,785,000	2,459,335	-	-
2031 - 2035	8,760,000	971,172	-	-
Total	\$ 25,650,000	11,220,830	28,801	1,227

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 6.94% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance	Additions	Reductions	Balance	Amount due
Governmental Activities:					
Compensated absences	\$ 435,914	35,382	-	471,296	-
General obligation bonds	26,460,000		810,000	25,650,000	865,000
Add:					
Premiums	53,053		3,631	49,422	3,631
Capital leases	536,672	140,000	268,112	408,560	256,268
Other loans	178,685	-	149,884	28,801	28,801
Total	\$ 27,664,324	175,382	1,231,627	26,608,079	1,153,700

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Countywide Road Maintenance Fund, Countywide Bridge Fund and 911 Emergency Fund.

(12) Contingencies.

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

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

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

General Obligation Bonds Series 2010 – On September 30, 2010, the County issued \$6,500,000 in General Obligation Bonds to fund construction projects for the renovation of Oktibbeha County Hospital. The County has approximately \$1,265,860 of bond proceeds in the Oktibbeha County Hospital Construction Fund at September 30, 2015. The County will use the remaining bond proceeds to repay the debt.

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Oktibbeha County Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the County has pledged the avails of a five mill levy in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2015, is \$10,615,000.

(13) No Commitment Debt (Not Included in Financial Statements).

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at Sept. 30, 2015
Hospital revenue bonds	\$ 3,550,000

(14) Related Organizations.

The Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Oktibbeha County Economic Development Authority, but the County's accountability for this organization does not extend beyond making the appointments. During the year, the County did not contribute any funds to this organization.

(15) Joint Ventures.

The County participates in the following joint ventures:

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Oktibbeha County Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the County's appropriation to the joint venture was \$170,400 in the fiscal year 2015. Complete financial statements for the Oktibbeha County Library can be obtained for 326 University Drive, Starkville, MS 39759.

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 61-5-39, Miss. Code Ann. (1972), to operate the George M. Bryan Field (airport). The joint venture is governed by seven members, three appointed by each government and one appointed by Mississippi State University. The County's appropriation to the joint venture was \$31,928 in the fiscal year 2015.

Oktibbeha County is a participant with the Counties of Choctaw, Clay, Lowndes, Noxubee and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville, and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Oktibbeha County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(16) Jointly Governed Organizations.

OKTIBBEHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

The County participates in the following jointly governed organizations.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. The Oktibbeha County Board of Supervisors appoints two of the 12 members of the college board of trustees. The County appropriated \$677,650 for maintenance and support of the college in fiscal year 2015.

Golden Triangle Planning Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County appropriated \$50,000 for support of the district in fiscal year 2015.

Golden Triangle Regional Airport Authority operates in a district composed of Counties of Lowndes and Oktibbeha and the Cities of Columbus, Starkville, and West Point. The Oktibbeha County Board of Supervisors appoints one of the five members of the board of commissioners. The County provided no financial support for the authority in fiscal year 2015.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$45,500 for support of the agency in fiscal year 2015.

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These 14 members are not appointed by the County Board of Supervisors. The counties generally provide no financial support to the organization.

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

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition 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 Oktibbeha County evaluated the activity of the County through June 28, 2017, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2015, the County issued the following debt obligations:

<u>Date</u>				
Issue	Interest	Issue	Type of	Source of
	Rate	Amount	Financing	Financing
07/20/2016	1.87%	167,226	Capital lease	Ad valorem tax
08/03/2016	1.87%	556,487	Capital lease	Ad valorem tax
06/06/2016	1.71%	235,624	Capital lease	Ad valorem tax
10/21/2016	2.05%	433,344	Capital lease	Ad valorem tax
05/18/2017	2.40%	14,500,000	General Obligation Bonds	Ad valorem tax

OKTIBBEHA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2015
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 9,350,920	9,573,580	9,573,580	
Licenses, commissions and other revenue	421,900	448,098	448,098	
Fines and forfeitures	545,000	494,856	494,856	
Intergovernmental revenues	1,157,800	1,379,926	1,379,926	
Charges for services	210,000	202,197	202,197	
Interest income	8,000	22,865	22,865	
Miscellaneous revenues	76,500	86,417	86,417	
Total Revenues	<u>11,770,120</u>	<u>12,207,939</u>	<u>12,207,939</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	6,107,201	4,774,080	4,774,080	
Public safety	4,237,135	4,033,858	4,033,858	
Public works	142,000	92,833	92,833	
Health and welfare	467,655	465,871	465,871	
Culture and recreation	170,400	170,400	170,400	
Education	359,035	366,574	366,574	
Conservation of natural resources	142,210	133,501	133,501	
Economic development and assistance	416,938	516,797	516,797	
Debt service:				
Principal	201,710	197,073	197,073	
Interest	10,060	7,858	7,858	
Total Expenditures	<u>12,254,344</u>	<u>10,758,845</u>	<u>10,758,845</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(484,224)</u>	<u>1,449,094</u>	<u>1,449,094</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	207,237	207,237	
Transfers out	(200,000)	(431,876)	(431,876)	
Other financing sources		32,845	32,845	
Other financing uses	(1,369,480)			
Total Other Financing Sources and Uses	<u>(1,369,480)</u>	<u>(191,794)</u>	<u>(191,794)</u>	<u>0</u>
Net Change in Fund Balance	(1,853,704)	1,257,300	1,257,300	
Fund Balances - Beginning	<u>1,853,704</u>	<u>7,055,667</u>	<u>7,055,667</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>8,312,967</u>	<u>8,312,967</u>	<u>0</u>

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

OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2015
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,635,742	1,718,057	1,718,057	
Licenses, commissions and other revenue	421,000	436,430	436,430	
Intergovernmental revenues	588,000	688,980	688,980	
Interest income		495	495	
Miscellaneous revenues	5,000	13,899	13,899	
Total Revenues	<u>2,649,742</u>	<u>2,857,861</u>	<u>2,857,861</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,099,480	3,031,231	3,031,231	
Debt service:				
Principal		14,959	14,959	
Interest		875	875	
Total Expenditures	<u>3,099,480</u>	<u>3,047,065</u>	<u>3,047,065</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(449,738)</u>	<u>(189,204)</u>	<u>(189,204)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		19,695	19,695	
Total Other Financing Sources and Uses	<u>0</u>	<u>19,695</u>	<u>19,695</u>	<u>0</u>
Net Change in Fund Balance	(449,738)	(169,509)	(169,509)	
Fund Balances - Beginning	<u>449,738</u>	<u>579,333</u>	<u>579,333</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>409,824</u>	<u>409,824</u>	<u>0</u>

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

OKTIBBEHA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Bridge and Culvert Fund
 For the Year Ended September 30, 2015
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,268,315	2,383,712	2,383,712	
Licenses, commissions and other revenue	1,200	1,494	1,494	
Intergovernmental revenues	4,500	4,545	4,545	
Interest income		2,204	2,204	
Total Revenues	<u>2,274,015</u>	<u>2,391,955</u>	<u>2,391,955</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,586,600	2,210,590	2,210,590	
Debt service:				
Principal	164,500	190,886	190,886	
Interest	4,700	6,433	6,433	
Total Expenditures	<u>2,755,800</u>	<u>2,407,909</u>	<u>2,407,909</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(481,785)</u>	<u>(15,954)</u>	<u>(15,954)</u>	<u>0</u>
Net Change in Fund Balance	(481,785)	(15,954)	(15,954)	
Fund Balances - Beginning	<u>481,785</u>	<u>891,869</u>	<u>891,869</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>875,915</u>	<u>875,915</u>	<u>0</u>

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

OKTIBBEHACOUNTY
Schedule of Funding Progress – Other Postemployment Benefits
September 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b - a)	Percent Funded (a / b)	Annual Covered Payroll (ACR) (c)	Unfunded AAL as a Percentage of Annual Covered payroll ((b-a) / c)
10/1/2012	\$ -	\$ 922,387	\$ 922,387	0.00%	\$ *N/A	*N/A
10/1/2014	-	999,020	999,020	0.00%	*N/A	*N/A

*Actuarial Accrued Liability is determined under the projected unit cost credit method in which benefits are not tied to payroll amounts.

OKTIBBEHA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>
County's proportion of the net pension liability (asset)	0.098177%
County's proportionate share of the net pension liability (asset)	\$ 15,176,228
County's covered-employee payroll	\$ 6,133,549
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.70%

*The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30, 2015 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 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.

OKTIBBEHA COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 972,191
Contributions in relation to the contractually required contribution	<u>972,956</u>
Contribution deficiency (excess)	\$ <u>(765)</u>
County's covered-employee payroll	\$ 6,172,641
Contributions as a percentage of covered-employee payroll	15.76%

* 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.

OKTIBBEHA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

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 and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Countywide Road	Countywide Bridge &
Budget (Cash Basis)	\$ 1,257,300	(169,509)	(15,954)
Increase (Decrease)			
Net adjustments for revenue accruals	(357,637)	(567,712)	136,565
Net adjustments for expenditure accruals	406,898	660,613	(137,492)
GAAP Basis	\$ <u>1,306,561</u>	<u>(76,608)</u>	<u>(16,881)</u>

OKTIBBEHA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2015

UNAUDITED

Pension Schedules

A. Changes of assumptions

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

OKTIBBEHA COUNTY

SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture/Passed-through the State of Mississippi Treasury Department Schools and road - grants to states	10.665	N/A	\$ <u>443</u>
U.S. Department of Housing and Urban Development Passed-through the Mississippi Development Authority Home investments partnerships program*	14.239	1219-M07-SG-280-920-12	36,499
Home investments partnerships program*	14.239	1224-M12-SG-280-920	<u>218,220</u>
Subtotal			<u>254,719</u>
Economic development initiative - special project (Direct Award)	14.251	B-09-SP-MS-0354	<u>29,003</u>
Total U.S. Department of Housing and Urban Development			<u>283,722</u>
U.S. Department of Transportation/ Passed-through the Mississippi Department of Highway planning and construction	20.205	BR NBIS 079 B(53)	31,910
Highway planning and construction	20.205	MS070 053 1 B	<u>19,715</u>
Subtotal			<u>51,625</u>
Passed-through the Mississippi Department of Public Safety States and community highway safety	20.600	15OP-153-1	15,305
Alcohol open container requirements	20.616	15ST-153-1	<u>16,770</u>
Subtotal			<u>32,075</u>
Total U.S. Department of Transportation			<u>83,700</u>
U.S. Department of the Treasury Equitable Sharing Program (Direct Award)	21.000	N/A	<u>34,575</u>
U.S. Department of Homeland Security/Passed-through the Mississippi Emergency Hazard Mitigation Grant*	97.039	1604-0511	<u>159,746</u>
Emergency management performance grant	97.042	15EMPG	40,126
Emergency management performance grant	97.042	2014EMPG Spec	<u>470</u>
Subtotal			<u>40,596</u>
Assistance to firefighters grant (Direct Award)	97.044	EMW-2011-FF-00728	<u>36,287</u>
Total U.S. Department of Homeland Security			<u>76,883</u>
Total Expenditures of Federal Awards			\$ <u><u>639,069</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

* Denotes major federal award program

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

OTHER INFORMATION

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
UNAUDITED

Name	Position	Company	Bond
John P. Montgomery	Supervisor District 1	Traveler's Casualty and Surety Company of America	\$100,000
Orlando Trainer	Supervisor District 2	Traveler's Casualty and Surety Company of America	\$100,000
Marvel Howard	Supervisor District 3	Traveler's Casualty and Surety Company of America	\$100,000
Daniel Jackson	Supervisor District 4	Traveler's Casualty and Surety Company of America	\$100,000
Joe Louis Williams	Supervisor District 5	Traveler's Casualty and Surety Company of America	\$100,000
Emily Garrard	County Administrator	Western Surety	\$100,000
Delois Tripplet	Assistant Comptroller	Western Surety	\$50,000
Monica Banks	Chancery Clerk	Traveler's Casualty and Surety Company of America	\$100,000
Deanna Dantzler	Purchase Clerk	Western Surety	\$75,000
Deanna Allen	Purchase Clerk	Western Surety	\$75,000
Emily Garrard	Assistant Purchase Clerk	Western Surety	\$50,000
Deanna Dantzler	Assistant Purchase Clerk	Western Surety	\$50,000
Tom Malone	Receiving Clerk	Western Surety	\$75,000
Tommy Smith	Assistant Receiving Clerk	Western Surety	\$10,000
Darrell Gene Fulgham	Assistant Receiving Clerk	Western Surety	\$50,000
Michelle Tutton	Inventory Control Clerk	Western Surety	\$75,000
Victor Kent Collins	Road Manager	Western Surety	\$50,000
James Lindsey	Constable	Traveler's Casualty and Surety Company of America	\$50,000
Curtis Randle	Constable	Traveler's Casualty and Surety Company of America	\$50,000
Shank Phelps	Constable	Traveler's Casualty and Surety Company of America	\$50,000
Edwin Glenn Hamilton	Circuit Clerk	Traveler's Casualty and Surety Company of America	\$100,000
Sheryl Elmore	Deputy Circuit Clerk	Western Surety	\$50,000
Pansy Robinson	Deputy Circuit Clerk	Western Surety	\$50,000
Melody Monts	Deputy Circuit Clerk	Western Surety	\$50,000
Tina Mullins	Deputy Circuit Clerk	Western Surety	\$50,000
Schreese Henry Carter	Deputy Circuit Clerk	Western Surety	\$50,000
Stephen C. Gladney	Sheriff	Traveler's Casualty and Surety Company of America	\$100,000
Tony Boykin	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$50,000
Bernard Crump	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$50,000
James Mills	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$50,000
Nora Goliday	Justice Court Clerk	Western Surety	\$50,000
Georgia Alexander	Deputy Justice Court Clerk	Western Surety	\$50,000
Bonnie Devereaux	Deputy Justice Court Clerk	Western Surety	\$50,000
Gail Roberts	Deputy Justice Court Clerk	Western Surety	\$50,000
Gay Lynn Hampton	Deputy Justice Court Clerk	Western Surety	\$50,000
Tawanda Ware	Deputy Justice Court Clerk	Western Surety	\$50,000
Tina Mullins	Deputy Justice Court Clerk	Western Surety	\$50,000
Allen Gordon Morgan	Tax Assessor-Collector	Traveler's Casualty and Surety Company of America	\$100,000
Barbara Cubon	Deputy Tax Assessor	Western Surety	\$50,000

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

SPECIAL REPORTS

OKTIBBEHA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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
Oktibbeha 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, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2017. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-001, 2015-002, 2015-003, and 2015-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-004 and 2015-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oktibbeha County, Mississippi's financial statements are free from

material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002.

We also noted certain matters which we have reported to the management of Oktibbeha County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 28, 2017, included within this document.

Oktibbeha County's Responses to Findings

Oktibbeha County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Oktibbeha 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 28, 2017



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Oktibbeha County, Mississippi

Report on Compliance for the Each Major Federal Program

We have audited Oktibbeha County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oktibbeha County, Mississippi's major federal programs for the year ended September 30, 2015. Oktibbeha County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oktibbeha County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oktibbeha County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oktibbeha County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Oktibbeha County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of Oktibbeha County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oktibbeha County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT CPA
Director, County Audit Section

June 28, 2017



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

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

Members of the Board of Supervisors
Oktibbeha County, Mississippi

We have examined Oktibbeha County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Oktibbeha County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Board of Supervisors.

1. Assistant Receiving Clerk bond was not in compliance with applicable statute.

Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Receiving Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Assistant Receiving Clerk was bonded for \$10,000. The failure to bond the Assistant Receiving Clerk for the required amount would limit the amount available for recovery if a loss occurred.

Recommendation

The Assistant Receiving Clerks should obtain a bond for \$50,000.

Board of Supervisors' Response

The Receiving Clerk Assistant bond amount has been corrected.

Inventory Control Clerk.

2. Inventory Control Clerk should file inventory report by October 15.

Finding

Section 31-7-107, Miss. Code Ann. (1972), requires inventory reports to be filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor no later than October 15th of each year. As reported in the prior five years' audit reports, the inventory reports were not filed with the Office of the State Auditor by October 15th as required. The inventory reports were filed with the Board of Supervisors on January 4, 2016. By not filing the annual reports with the proper persons, the County is not in compliance with applicable statutes.

Recommendation

The Inventory Control Clerk should file the inventory reports with the Board of Supervisors and copies should be forwarded to the Office of the State Auditor by October 15th of each year, as required by law.

Inventory Control Clerk's Response

We will comply with the auditor's recommendation.

Purchase Clerk.

3. Purchasing documents do not agree.

Finding

Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$1,000. Some purchase documents did not have detailed descriptions or specific quantities noted on the documents. Failure to properly complete purchase documents could cause the county to pay more for items than were ordered or to pay for items that were not ordered.

Recommendation

The Purchase Clerk should ensure that purchase transaction documents are present, completed with sufficient detail, and in agreement with each other. Failure to accurately record receiving reports could cause the county to pay for items or quantities not received.

Purchase Clerk's Response

I will ensure that purchase transactions/documents/receivers agree with each other.

Receiving Clerk.

4. Receiving reports did not agree with the delivery reports.

Finding

Section 31-7-109, Miss. Code Ann. (1972), states that the Receiving Clerk or assistant receiving clerks, shall upon proper delivery of equipment, heavy equipment, machinery, supplies, commodities, materials or services, acknowledge receipt of goods in accordance with the receipting system. During our examination of the central purchasing system, we noted numerous instances of unreasonable receiving report dates. Failure to accurately record receiving reports could cause the county to pay for items or quantities not received.

Recommendation

The Receiving Clerk should ensure that receiving reports are accurate and reflect the correct amount received.

Receiving Clerk's Response

I will make sure of product's delivery. I will write down delivery date on receiver.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Oktibbeha County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

This report is intended for use in evaluating Oktibbeha County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 28, 2017

OKTIBBEHA COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
11/10/2014	10 ft Green U- Channel posts	\$ 13.50/bundle	G & C Supply	\$ 12.58/bundle	CPC could not provide at time needed.

OKTIBBEHA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our tests did not identify any emergency purchases.

OKTIBBEHA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2015

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



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Oktibbeha County, Mississippi

In planning and performing our audit of the financial statements of Oktibbeha County, Mississippi for the year ended September 30, 2015, we considered Oktibbeha County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Oktibbeha County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 28, 2017, on the financial statements of Oktibbeha County, Mississippi.

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

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

Board of Supervisors, Chancery Clerk and Tax Assessor-Collector.

1. The County should perform periodic physical and logical access reviews.

Finding

As reported in the prior year's audit report, we noted during our review, that the Board of Supervisors and Tax Assessor-Collector do not have both formal policies and procedures that cover granting or removing logical access for terminated employees. We also noted that the Board of Supervisors and Tax Assessor-Collector do not periodically review the levels of access that active users have been granted and determine if the access is appropriate.

These reviews should include both physical and logical access. Physical access would be inclusive of buildings, rooms or cages where physical computer hardware and the supporting infrastructure such as wiring, environmental controls, etc. are housed. In dealing with physical access, reviews should include keys, proximity cards and biometric devices. An accurate inventory of such items issued for access should be kept and include the job title of persons with such access to facilitate review for appropriateness by management and auditors. Also, security of systems that control access such as personal computers that control proximity card access should also be under tight security controls.

Logical access usually refers to access to data and associated computer environments such as application software and

operating systems. Areas that should be kept in mind in determining proper logical access are technical issues such as alternate indexes and back doors such as function keys and ability to travel directly from one menu to another. As with physical access user IDs such as those used for network, application, or database security administration should be highly restricted and protected.

Recommendation

We recommend that the County implement periodic reviews of access for all individual users. These reviews should include both physical and logical access. Documentation of such reviews should be retained for reference and audit purposes for a reasonable period. Such retention should be according to guidelines such as policies of the County and regulations such as Internal Revenue Service guidelines. The County should seek legal counsel in determining retention periods.

In determining the appropriateness of both physical and logical access the reviewer should remain cognizant of job responsibilities, prior job responsibilities which persons may have held that are no longer pertinent, level of expertise of the user, segregation of duties, and regulatory guidelines which may be applicable. Both logical and physical access should be covered by formal written policy for granting, terminating and changing access. These policies should be approved by management and distributed to employees through procedures that have those granted access to information assets indicate in writing or electronically that they have read and understand the policies and agree to follow them.

Board of Supervisors' Response

This is in the process of being completed at this time.

Tax Assessor-Collector's Response

The Tax Collector will continue to complete the necessary paperwork needed whenever an employee resigns or is terminated. This paperwork will be emailed or faxed to Delta Computer Service. Once the paperwork is received by Delta Computer Service, they will terminate access on this individual. This paperwork is kept by the Tax Collector in his office. The Tax Collector grants access to computers based on the job title he/she will be doing and level of security clearance needed to do the job.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

2. The County should establish and test a disaster recovery process.

Finding

As reported in the prior year's audit report, during our review of the information systems controls of the County, we noted that the Board of Supervisors and Tax Assessor-Collector have not established a disaster recovery process. As a result, the County cannot fully ensure that the information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. Control Objectives for Information and Related Technology (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

The County is currently creating back-up files, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's buildings and servers. Risk and probabilities of material

loss escalates in relationship to the longer an exposure goes unmitigated.

Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County develop, implement, and test a plan to insure that critical data and applications are recoverable in case of a disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the processes necessary to create the various types of backups and the responsibilities of the various parties involved, including county personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved.

We also recommend that the County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

We will follow the recommendations of the audit department.

Tax Assessor-Collector's Response

In the near future, I plan on having a conversation with the county administrator about the financial resources needed in order to move forward with a disaster recovery plan.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

3. The County should perform a network security assessment.

Finding

Factors noted during the Information Technology General Control (ITGC) assessment at the County indicate a network assessment is warranted.

Best business practices as well as standards for information technology provide various guidelines for frequency and criteria for performing network reviews. The Mississippi Enterprise Security Policy requires network reviews be performed, at minimum, every three years or more frequently whenever business situations change that might raise the level of risk for unauthorized access to an entity's data assets. Examples of such change criteria would be:

- A major change in the network topology
- Implementation of new financial applications
- Length of time since the last network review
- Recent network penetration or malware infection (and possible data loss) due to the activity of unauthorized parties
- Changes in support levels for hardware and software
- Lack of security event monitoring
- Insufficient anti-virus

Network reviews should include vulnerability scans as well as penetration tests. A vulnerability scan or assessment looks for known vulnerabilities in your systems and reports potential exposures, many times in the form of a risk assessment. A penetration test is designed to actually exploit weaknesses in the architecture of systems.

Hacks into networks, especially internet facing networks, are a common occurrence in today's information technology environment. Data breaches can cost breached entities fines, regulatory oversight, bad public relations, customer distrust and personnel time to correct issues caused by unauthorized access. Consequences can be both short-term (e.g., notification of breached parties) and long-term (e.g., lawsuits).

Recommendation

It is recommended that the County perform a network security assessment as soon as possible. All factors that might increase the risk of unauthorized access to an entity's data assets should be considered when determining the exact scope of the network review to be performed. This review should consist of risk assessments, vulnerability scans and penetration tests. These type tests should be conducted by qualified personnel that specialize in such assessments.

Auditor's Note

Although the counties can use any qualified vendor for security assessment services, they also have the option of utilizing Request for Proposal (RFP) #3735 that was negotiated by Mississippi Information Technology Services (ITS) for security assessment services. Use of this RFP will allow the county to by-pass the RFP process and allow them to take advantage of the negotiated rates for network security assessment services.

Board of Supervisors' Response

We will perform a network security assessment as soon as possible.

Tax Assessor-Collector's Response

We updated our anti-virus on our computers in 2016.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

4. The County should strengthen passwords.

Finding

As reported in the prior two years' audit reports, we noted during our review that the Board of Supervisors and Tax Assessor-Collector are using some parameters associated with password strength that do not meet industry standard best practices, thereby creating unnecessary risk for County information assets.

Gaining access to data assets can often open doors to highly confidential information such as Personally Identifiable Information (PII), confidential governmental reports, and security information related to governmental entities. Through this type of unauthorized access situations such as data breaches and denial of service attacks can be initiated.

Attack methods can be slowed down significantly or even defeated through the use of strong passwords. Therefore, whenever possible, computer users should use strong passwords for all of their computer accounts.

Recommendation

We recommend that the County improve its password strength by changing password parameters to comply with password management best practices and industry standards. Characteristics of strong passwords include requirements for sufficient length, complexity (combinations of numbers, letters and special characters), and periodic change of passwords.

Board of Supervisors' Response

The County will strengthen password requirements.

Tax Assessor-Collector's Response

We will begin using stronger passwords.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

Chancery Clerk.

5. Chancery Clerk should settle excess fees to the county.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year. As reported in the prior three years' audit reports, the Chancery Clerk did not pay the fees received in excess of \$90,000 for the 2012 calendar year to the County's General Fund by April 15, 2013, as required by law. The excess fees for the 2012 calendar year were \$35,541. In December 2014, the Chancery Clerk remitted \$10,000 to the County. However, the Chancery Clerk has not remitted the balance of \$25,541 to the County as of December 21, 2016.

Further, as reported in the prior year's audit report, the Chancery Clerk did not pay the fees received in excess of \$90,000 for the 2014 calendar year to the County's General Fund by April 15, 2015, as required by law. The excess fees for the 2014 calendar year were \$10,862. The Chancery Clerk has not remitted these fees to the County as of December 21, 2016

Failure to settle the excess fees results in a loan to the Chancery Clerk that is not authorized by law and the loss of public funds and lost interest on these excess funds.

Recommendation

The Chancery Clerk should remit the \$25,541 from 2012 and the \$10,862 from 2014 to the General Fund immediately. In the future, the Chancery Clerk should settle fees received in excess of \$90,000 by April 15th for the preceding year.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

6. The Chancery Clerk deducted unallowable expenses on the annual financial report.

Finding

Section 9-1-43(1) Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year. The Chancery Clerk claimed \$5,986 in expenses in 2015 for which there was insufficient documentation or was not an allowable business expense. The Chancery Clerk also owes additional amounts of \$9,421 from 2014, \$1,147 from 2013, \$9,237 from 2012 and \$2,937 from 2011. Failure to settle excess fees by the required date, results in a loan to the Chancery Clerk that is not authorized by law and the loss of public funds due to lost interest on these excess fees.

Recommendation

The Chancery Clerk should settle the additional amount of \$5,986 in excess fees for the 2015 calendar year to the General Fund. The Chancery Clerk should also settle the additional amounts of \$9,421, \$1,147, \$9,237 and \$2,937 from 2014, 2013, 2012 and 2011, respectively.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

7. The Chancery Clerk should properly report revenue.

Finding

Section 9-1-43, Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year. We noted revenues of \$8,544, which are subject to the cap, were not reported on the 2015 annual fee report resulting in the Chancery Clerk exceeding the salary cap. Failure to report all income could result in the loss of public funds. These errors could result in a loan to the Chancery Clerk that is not authorized by law and the loss of public funds.

Recommendation

The Chancery Clerk should settle the amount of \$8,544 in excess fees for the 2015 calendar year to the General Fund. The Chancery Clerk should also maintain an accurate and complete fee journal. The Chancery Clerk should file an amended report for 2015 with the Office of the State Auditor and the Public Employee's Retirement System.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

8. Chancery Clerk should file annual report in a timely manner.

Finding

Section 9-1-43 (1), Miss. Code Ann. (1972), states that all such fees received by the office of Chancery or Circuit Clerks that are in excess of the salary limitation should be deposited by such clerk into the county general fund on or before April 15th for preceding calendar year. The Chancery Clerk did not file the annual financial report in a timely manner. Failure to report annual financial reports in a timely manner could result in erroneous amounts being reported and increases the possibility of the loss or misuse of public funds.

Recommendation

The Chancery Clerk should establish controls to ensure that the annual financial reports are filed in a timely manner, as required by law.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

9. The Chancery Clerk should keep and preserve a complete and correct record of all proceedings of the Board of Supervisors.

Finding

Section 19-3-27, Miss Code Ann (1972), requires the clerk of the Board of Supervisors to keep and preserve a complete and correct record of all board proceedings. As reported in the prior two years' audit reports, board minutes were not available for board proceedings. As of December 11, 2016 the board minutes for meetings after April 4, 2016 are not recorded in the minute book. Several actions taken by the Board of Supervisors as recorded in the board minutes did not include the contracts and agreements approved or other items noted as "attached" in the board orders. The board minutes do not contain a board order to appoint the assistant purchase clerk. There is not a board order approving payment for services provided to another entity for an economic development project. Board orders authorizing transfers to other funds do not specify the amount to be transferred. The purchase of two capital assets from bids and quotes in excess of \$5,000 were not approved in the board minutes. Failure to record the minutes could result in unlawful acts as there is no record as to what the board ordered.

Recommendation

The Chancery Clerk should keep a complete and correct record of all board proceedings.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

10. The audit synopsis should be published.

Finding

Section 7-7-221, Miss. Code Ann. (1972), requires the Clerk of the Board to publish a synopsis of the annual audit report as soon as possible after receipt of the report. The Clerk of the Board shall forward a copy of the published synopsis to the State Auditor. The Chancery Clerk has not published a synopsis of the 2014 annual audit report. If the synopsis is not published accordingly, the State Auditor is authorized to prepare the synopsis and have it published in accordance with Section 7-7-221 at cost to the County.

Recommendation

The Chancery Clerk should publish a synopsis of the annual audit report when the report is received and forward the synopsis to the State Auditor.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

Circuit Clerk.

11. The Circuit Clerk deducted unallowable and undocumented expenses on the annual financial report.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year. As stated in the prior three years' audit report, the Circuit Clerk claimed expenses for which there was insufficient documentation or was not an allowable business expense. The amount of these expenses for 2015 totaled \$190. After the disallowance of these expenses, the Circuit Clerk's total excess fees were \$21,167. Failure to settle these additional excess fees could result in the loss of public funds.

Recommendation

The Circuit Clerk's annual financial report should be revised to reflect corrections to the line items that were incorrect, and the balance due to the County should be paid to the General Fund.

Circuit Clerk's Response

The \$21,167.00 was returned to the County before the deadline. The \$190.00 was an invoice of which I was unable to provide although there was a canceled check. I was also advised that the wording in these findings is a generic template and fails to properly inform the reader of the actual findings.

Auditor's Note

The Circuit Clerk remitted the 2015 excess fees of \$190 for disallowed expenses to the County on November 3, 2016, as evidenced by receipt warrant #26707. As stated in the prior three audit reports, this finding addresses disallowed expenses claimed by the clerk as well as failure to remit excess fees received by April 15th of the following year. Further, the Circuit Clerk remitted \$20,977 to the County on April 18, 2016 as evidenced by receipt warrant 26258 which was past the deadline of April 15, 2016.

Tax Assessor-Collector.

12. The Tax Assessor-Collector should ensure that employees of the County are not purchasers at the land sale.

Finding

Section 25-4-105(3)(b), Miss. Code Ann. (1972), states that no public servant shall be a purchaser, direct or indirect, at any sale made by him in his official capacity or by the governmental entity of which he is an officer or employee, except in respect of the sale of goods or services when provided as public utilities or offered to the general public on a uniform price schedule. An election commissioner purchased parcels of the land at the land sale. These purchases may be in violation of the ethics law.

Recommendation

The Tax Assessor-Collector should ensure that this practice is discontinued.

Tax Assessor-Collector's Response

We will conform.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exceptions and dispositions are as follows:

Exception Issued On:

Monica Banks, Chancery Clerk

Nature of Exception:

See Chancery Clerk Finding #5 described in this report.

Amount of Exception:

\$25,541

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Exception Issued On:

Monica Banks, Chancery Clerk

Nature of Exception:

See Chancery Clerk Finding #6 described in this report.

Amount of Exception:

\$10,862

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Exception Issued On:

Monica Banks, Chancery Clerk

Nature of Exception:

See Chancery Clerk Finding #6 described in this report.

Amount of Exception:

\$28,728

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Exception Issued On:

Monica Banks, Chancery Clerk

Nature of Exception:

See Chancery Clerk Finding #7 described in this report.

Amount of Exception:

\$8,544

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 28, 2017

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OKTIBBEHA COUNTY

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OKTIBBEHA COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Aggregate discretely presented component unit | Adverse |
| General Fund | Unmodified |
| Countywide Road Maintenance Fund | Unmodified |
| Countywide Bridge and Culvert Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133? | No |
| 7. Identification of major federal programs: | |
| a. CFDA #14.239, Home investment partnerships program | |
| b. CFDA #97.039, Hazard mitigation grant | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |

OKTIBBEHA COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2015

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2015-001. Component unit should be included in County's financial statements.

Finding

Generally accepted accounting principles require the financial data of the County's component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. As reported in the prior seven years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.

Recommendation

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

Board of Supervisors' Response

The Hospital has its own financial statements that are provided to the County and are available to the public upon request.

Material Weakness

Material Non-compliance

2015-002. Controls over compliance with bond covenants should be strengthened.

Finding

The County entered into a general obligation bond agreement on September 30, 2010, for the renovation of Oktibbeha County Hospital and the construction of parking facilities in the amount of \$6,500,000. In the bond covenant there is a requirement for a due diligence test and for an expenditure test. The due diligence test states, "The County reasonably expects that the renovation and construction of the Construction Project will proceed with due diligence to completion by September 29, 2013." The expenditure test states, "It is expected that all of the net sale proceeds of the Bonds will be fully expended on the Project prior to September 29, 2013."

As reported in the prior two years' audit reports, \$1,262,186 remained in the Oktibbeha County Hospital Construction Fund and had not been expended for hospital construction projects as of September 30, 2015. Therefore, the County did not materially comply with the requirements of the bond covenant.

Recommendation

The County should seek legal guidance from the County's attorney and bond counsel as to the appropriate action the County should take at this time related to the remaining bond proceeds on hand to ensure compliance with the terms of the bond agreement. Internal controls should also be put in place to ensure that compliance with future bond covenants will be made.

OKTIBBEHA COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Board of Supervisors' Response

We were instructed to maintain funds in a separate bond account to be utilized to make final payments on the 2010 bond.

Material Weakness

- 2015-003. The County should establish controls to ensure the Schedule of Expenditures of Federal Awards is accurately prepared.

Finding

An effective system of internal control over federal grants should include adequate subsidiary records documenting all revenues and expenditures of each federal grant received. The County did not have adequate controls in place to ensure it reported the correct federal grant expenditures on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2015. The County did not include one grant received on the Schedule of Federal Expenditures for the year ended September 30, 2015. Federal grant expenditures were reported on the cash basis instead of the modified accrual basis on the Schedule of Federal Expenditures for the year ended September 30, 2015, which caused some grant expenditures to be overstated and some were understated for the year ended September 30, 2015. Additionally, pass-through numbers were not reported for any of the non-direct grants, the identifying number for one grant was incorrect and one direct award was identified as passing-through a state agency while one that passed-through a state agency was identified as a direct award. As a result, corrections were proposed by the auditor and made by the County to the Schedule of Expenditures of Federal Awards. The failure to accurately prepare the Schedule of Expenditures of Federal Awards increases the possibility of reporting incorrect amounts of federal expenditures, as well as the possibility of omitting a federal program on the Schedule of Expenditures of Federal Awards.

Recommendation

The County should maintain adequate subsidiary records documenting all receipts, expenditures, and relevant information relating to each federal grant received.

Board of Supervisors' Response

The County will follow the recommendations of the audit department.

Significant Deficiency

- 2015-004. The Board of Supervisors should ensure effective controls are maintained over solid waste billings, collections, and accounts receivable records.

Finding

An effective system of internal control over solid waste billings, collections, and accounts receivable records should include maintaining and preserving adequate subsidiary records to substantiate the total accounts receivable balance due to the County at the close of the fiscal year are booked as a receivable at year end. Based upon audit procedures performed, October 2015 billings were included in the accounts receivable balance at year end, and prepaid account balances were incorrectly reported. Failure to maintain and preserve adequate subsidiary records of total accounts receivable balance at year end could result in erroneous amounts being reported in the financial statements.

OKTIBBEHA COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2015

Recommendation

The Board of Supervisors should ensure that control procedures are in place to allow for the preparation of a detailed aged accounts receivable schedule for solid waste fees to properly report the accounts receivable due to the County at net realizable value in the financial statements.

Board of Supervisors' Response

Charges for the month of October will no longer be posted in September before year end on the 30th of September. October charges will be posted the first working day of the fiscal year.

Board of Supervisors, Chancery Clerk and Tax Assessor-Collector.

Significant Deficiency

2015-005. The County should implement a formal information security policy.

Finding

As reported in the prior year's audit report, the Board of Supervisors and Tax Assessor-Collector have not adopted a formal Information Security Policy or Enterprise Security Plan. The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol.

Recommendation

A robust set of Information Technology Policies should cover at least the following areas:

- Acceptable Use
- Portable Computing
- Change Management
- Encryption
- Security Incident Response
- Risk Management
- Backup and Recovery
- Business Continuity I Disaster Recovery

While full compliance with all facets of such a policy may be an economic challenge for the County, beginning steps to become compliant with a policy covering areas such as those listed above are necessary. We recommend that the County create a plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by county supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Board of Supervisors' Response

The County has adopted a plan in FY 2016 – 2017, which was being created in FY 2015 – 2016. The policy has been reviewed and approved by the county supervisors. All current employees have been given the policy and signed documentation of same as in the administrator's office. All future hires will be given the policy upon hire. The policy will be updated and amended to ensure security of the information system as required.

OKTIBBEHA COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2015

Tax Assessor-Collector's Response

Oktibbeha County adopted an electronic communications, computer security, and internet usage policy in 2016. All county employees are provided a copy of this policy and must sign a form stating they have read and understand this policy.

Auditor's Note

We were unable to obtain a response due to the death of the Chancery Clerk.

Purchase Clerk.

Material Weakness

2015-006. Internal controls over purchase orders and cash disbursements should be strengthened.

Finding

An effective system of internal controls over cash disbursements should include controls to ensure that unit costs per vendor invoices are compared to the accepted bids and quotes to ensure that the correct unit cost is paid by the County. We noted several payments on invoices were more than the purchase order. Failure to implement controls to verify that unit costs billed by vendors agree with accepted quotes and bids could result in the County paying amounts in excess of those authorized.

Recommendation

The Purchase Clerk should implement a system of internal controls to ensure that the correct unit cost is paid for an item. The vendor invoice should be compared to the accepted bid or quote to ensure that the County is paying the correct unit cost

Purchase Clerk's Response

I will comply with this. I will check to make sure all invoices are compared to and equal to the purchase order amount.

Section 3: Federal Award Findings and Questioned Costs

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