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TIPPAH COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2015



Certified Public Accountants

TIPPAH COUNTY

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FINANCIAL SECTION



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Mississippi Society of Certified Public Accountants

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Tippah County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tippah 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 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tippah County Health Services, and the Tippah County Development Foundation, component units, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based on the reports of the other auditors. 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. However, the financial statements of the Tippah County Development Foundation, a component unit, audited by other auditors was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County'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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tippah 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 Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tippah County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of Tippah County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tippah County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 27, 2017

FINANCIAL STATEMENTS

TIPPAH COUNTY
Statement of Net Position
September 30, 2015

	Primary Government	Component Units		
	Governmental Activities	Tippah County Health Services	Tippah County Development Foundation	Total Component Units
ASSETS				
Cash	\$ 4,153,562	1,963,022	48,981	2,012,003
Interest receivable	-	-	5,878	5,878
Property tax receivable	4,752,053	-	-	-
Accounts receivable	-	-	14,000	14,000
Patient accounts receivable, (net of estimated uncollectibles of \$2,885,820)	-	1,869,916	-	1,869,916
Fines receivable, (net of allowance for uncollectibles of \$649,834)	615,477	-	-	-
Estimated third party payor settlements	-	145,538	-	145,538
Current portion of lease receivable	-	-	235,747	235,747
Capital lease receivable	8,206,511	-	-	-
Intergovernmental receivables	211,801	-	-	-
Other receivables	35,678	7,875	21,500	29,375
Inventories and prepaid items	-	380,687	2,996	383,683
Cash - designated for capital acquisitions	-	252	-	252
Lease receivable, less current portion	-	-	423,626	423,626
Restricted cash	-	-	48,906	48,906
Other assets	-	240,359	500	240,859
Capital assets:				
Land and construction in progress	3,700,313	116,132	254,936	371,068
Other capital assets, net	21,945,519	3,371,564	329,141	3,700,705
Total Assets	<u>43,620,914</u>	<u>8,095,345</u>	<u>1,386,211</u>	<u>9,481,556</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	1,336,403	1,122,052	-	1,122,052
Total Deferred Outflows of Resources	<u>1,336,403</u>	<u>1,122,052</u>	<u>-</u>	<u>1,122,052</u>
LIABILITIES				
Claims payable	176,625	1,071,328	575	1,071,903
Patient accounts receivable - credit balances	-	37,605	-	37,605
Estimated third party payor settlements	-	775,158	-	775,158
Accrued liabilities	257,763	489,958	10,738	500,696
Intergovernmental payables	283,242	-	-	-
Amounts held in custody for others	560,178	-	-	-
Short-term notes payable	-	152,563	-	152,563
Long-term liabilities				
Net pension liability	7,064,319	10,959,742	-	10,959,742
Due within one year:				
Capital debt	630,436	62,751	258,847	321,598
Non-capital debt	195,000	-	-	-
Due in more than one year:				
Capital debt	5,363,240	151,852	596,659	748,511
Non-capital debt	390,000	-	-	-
Total Liabilities	<u>14,920,803</u>	<u>13,700,957</u>	<u>866,819</u>	<u>14,567,776</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax for future reporting period	4,752,053	-	-	-
Capital leases for future reporting period	3,011,519	-	-	-
Deferred inflows - pensions	-	3,070,793	-	3,070,793
Total Deferred Inflows of Resources	<u>7,763,572</u>	<u>3,070,793</u>	<u>-</u>	<u>3,070,793</u>
NET POSITION				
Net investment in capital assets	19,652,156	3,273,093	-	3,273,093
Restricted:				
Expendable:				
Debt service	314,665	-	-	-
Public safety	242,583	-	-	-
Public works	1,875,386	-	-	-
Health and welfare	11,049	-	-	-
Economic development	53,924	-	-	-
Unrestricted	123,179	(10,827,446)	519,392	(10,308,054)
Total Net Position	<u>\$ 22,272,942</u>	<u>(7,554,353)</u>	<u>519,392</u>	<u>(7,034,961)</u>

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

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

Program Revenues					Net (Expense) Revenue and Changes in Net Position			
					Primary Government	Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Tippah County Health Services	Tippah County Development Foundation	Total Component Units
Primary government:								
Governmental activities:								
General government	\$ 4,668,303	443,291	959,996	24,620	(3,240,396)			
Public safety	1,791,591	296,758	93,121	-	(1,401,712)			
Public works	2,936,544	94,390	1,422,248	541,081	(878,825)			
Health and welfare	359,347	-	-	-	(359,347)			
Culture and recreation	200,697	-	-	-	(200,697)			
Conservation of natural resources	46,880	-	-	-	(46,880)			
Economic development and assistance	98,265	-	801,761	267,474	970,970			
Interest on long-term debt	182,222	-	-	-	(182,222)			
Pension expense	876,631	-	-	-	(876,631)			
Total Governmental Activities	11,160,480	834,439	3,277,126	833,175	(6,215,740)			
Total Primary Government	\$ 11,160,480	834,439	3,277,126	833,175	(6,215,740)			
Component Units:								
Tippah County Health Services	\$ 13,842,894	13,807,830	160,771	-		125,707	-	125,707
Tippah County Development Foundation	228,518	32,499	7,100	-		-	(188,919)	(188,919)
Total Component Units	\$ 14,071,412	13,840,329	167,871	-		125,707	(188,919)	(63,212)
General revenues								
Property taxes					\$ 6,037,111	-	101,377	101,377
Road & bridge privilege taxes					294,426	-	-	-
Unrestricted interest income					182,126	8,423	43,155	51,578
Lease revenue					-	-	46,034	46,034
Miscellaneous					180,570	-	21,536	21,536
Gain/(loss) on sale of assets					-	(51,174)	-	(51,174)
Total General Revenues					6,694,233	(42,751)	212,102	169,351
Changes in Net Position					478,493	82,956	23,183	106,139
Net Position - Beginning, as previously reported					27,101,940	4,713,420	496,209	5,209,629
Prior period adjustment					(5,307,491)	(12,350,729)	-	(12,350,729)
Net Position - Beginning, as restated					21,794,449	(7,637,309)	496,209	(7,141,100)
Net Position - Ending					\$ 22,272,942	(7,554,353)	519,392	(7,034,961)

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

TIPPAH COUNTY
Balance Sheet - Governmental Funds
September 30, 2015

	Major Funds			Other	Total
	General	Countywide	AlumaForm	Governmental	Governmental
	Fund	Road	Fund	Funds	Funds
		Fund			
ASSETS					
Cash	\$ 2,096,685	1,138,055	53,924	864,898	4,153,562
Property tax receivable	3,162,528	761,027	-	828,498	4,752,053
Fines receivable (net of allowance for uncollectibles of \$649,834)	615,477	-	-	-	615,477
Capital lease receivable	-	-	7,287,061	919,450	8,206,511
Intergovernmental receivables	109,793	91,608	-	10,400	211,801
Other receivables	18,984	-	-	16,694	35,678
Due from other funds	-	29,306	-	18,011	47,317
Advances to other funds	-	480,677	-	11,049	491,726
Total Assets	<u>\$ 6,003,467</u>	<u>2,500,673</u>	<u>7,340,985</u>	<u>2,669,000</u>	<u>18,514,125</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 107,105	58,207	-	11,313	176,625
Accrued liabilities	188,165	40,696	-	28,902	257,763
Intergovernmental payables	258,623	9,733	-	14,886	283,242
Due to other funds	39,305	-	-	8,012	47,317
Advances from other funds	200,000	-	-	291,726	491,726
Amounts held in custody for others	560,178	-	-	-	560,178
Total Liabilities	<u>1,353,376</u>	<u>108,636</u>	<u>-</u>	<u>354,839</u>	<u>1,816,851</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	3,162,528	761,027	-	828,498	4,752,053
Unavailable revenue - fines	615,477	-	-	-	615,477
Unavailable revenue - capital lease receivables	-	-	7,287,061	919,450	8,206,511
Total Deferred Inflows of Resources	<u>\$ 3,778,005</u>	<u>761,027</u>	<u>7,287,061</u>	<u>1,747,948</u>	<u>13,574,041</u>
Fund balances:					
Restricted for:					
Public works	-	1,631,010	-	244,376	1,875,386
Health and welfare	-	-	-	3,033	3,033
Debt service	-	-	-	314,665	314,665
Committed to:					
Public safety	-	-	-	242,583	242,583
Economic development and assistance	-	-	53,924	-	53,924
Unassigned	872,086	-	-	(238,444)	633,642
Total Fund Balances	<u>872,086</u>	<u>1,631,010</u>	<u>53,924</u>	<u>566,213</u>	<u>3,123,233</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,003,467</u>	<u>2,500,673</u>	<u>7,340,985</u>	<u>2,669,000</u>	<u>18,514,125</u>

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

TIPPAH COUNTY
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position
September 30, 2015

Total Fund Balance - Governmental Funds	Amount \$ 3,123,233
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 \$31,125,909.	25,645,832
Fines receivables that have accrued at year end but are not available to liquidate liabilities of the current period are deferred in the funds.	615,477
Deferred outflows of resources related to pensions reported in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,336,403
Capital leases are not available to to pay for current period expenditures and, therefore, are deferred in the funds.	5,194,992
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,064,319)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,578,676)
Total Net Position - Governmental Activities	\$ <u>22,272,942</u>

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

	Major Funds			Other	Total
	General	Countywide	AlumaForm	Governmental	Governmental
	Fund	Road	Fund	Funds	Funds
		Fund			
REVENUES					
Property taxes	\$ 3,962,678	1,135,913	-	938,520	6,037,111
Road & bridge privilege taxes	-	294,426	-	-	294,426
Licenses, commissions, and other revenue	250,812	-	-	-	250,812
Fines and forfeitures	115,524	-	-	47,475	162,999
Intergovernmental revenues	984,703	903,041	800,917	1,421,640	4,110,301
Charges for services	67,817	-	-	343,674	411,491
Interest income	63,260	5,567	107,735	5,564	182,126
Miscellaneous revenues	153,409	13,313	-	13,848	180,570
Total Revenues	5,598,203	2,352,260	908,652	2,770,721	11,629,836
EXPENDITURES					
Current:					
General government	3,333,136	-	-	-	3,333,136
Public safety	1,382,827	-	-	513,751	1,896,578
Public works	150,620	2,042,517	-	1,518,865	3,712,002
Health and welfare	187,061	-	-	172,285	359,346
Culture and recreation	200,697	-	-	-	200,697
Conservation of natural resources	46,880	-	-	-	46,880
Economic development & assistance	21,729	-	3,730,641	351,754	4,104,124
Debt service:					
Principal	228,374	85,253	22,087	332,007	667,721
Interest	44,579	4,689	105,034	27,920	182,222
Total Expenditures	5,595,903	2,132,459	3,857,762	2,916,582	14,502,706
Excess of Revenues over (under) Expenditures	2,300	219,801	(2,949,110)	(145,861)	(2,872,870)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	32,414	-	2,886,025	125,153	3,043,592
Proceeds from sale of capital assets	-	-	69,700	-	69,700
Transfers in	-	50,439	-	144,465	194,904
Transfers out	(144,465)	-	-	(50,439)	(194,904)
Lease principal payments	-	-	47,309	74,766	122,075
Total Other Financing Sources and Uses	(112,051)	50,439	3,003,034	293,945	3,235,367
Net Changes in Fund Balances	(109,751)	270,240	53,924	148,084	362,497
Fund Balances - Beginning as originally reported	1,025,528	1,360,770	-	374,438	2,760,736
Fund Reclassification	(43,691)	-	-	43,691	-
Fund Balances - Beginning as restated	981,837	1,360,770	-	418,129	2,760,736
Fund Balances - Ending	\$ 872,086	1,631,010	53,924	566,213	3,123,233

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

TIPPAH COUNTY
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

Net Changes in Fund Balances - Governmental Funds	\$ 362,497
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$5,174,309 exceeded depreciation expense of (\$535,841) in the current period.	4,638,468
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of (\$1,543,538), the proceeds from the sale of capital assets of (\$69,700), and the principal portion of . (\$4,328,228) for the new capital lease receivable in the current period.	(5,941,466)
In the Statement of Activities, capital leases are reported differently from the governmental funds. The revenue from the principal portion of the new capital lease receivable is deferred under the modified accrual basis, but is recognized under the full-accrual basis of accounting.	4,328,228
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.	9,137
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the principal collections on the capital leases.	(122,075)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$3,043,592 exceeded debt repayments of \$667,721.	(2,375,871)
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	(876,631)
Recording of contributions made for the current fiscal year	456,206
Change in Net Position of Governmental Activities	\$ <u>478,493</u>

Exhibit 5

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

	Agency Funds
ASSETS	
Cash	\$ 122,541
Property tax receivable	300,715
Intergovernmental receivables	167
Total Assets	<u>\$ 423,423</u>
LIABILITIES	
Amounts held in custody for others	\$ 73,853
Accrued liabilities	48,855
Deferred revenue	300,715
Total Liabilities	<u>\$ 423,423</u>

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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. Individual Component Unit Disclosures.

Discretely Presented Component Units

The component units columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. A majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors.

Tippah County Health Services provides inpatient, outpatient, emergency, and long-term care services for residents of Tippah County, Mississippi, and surrounding areas. The facility is governed by a Board of Trustees appointed by the Supervisors of Tippah County, Mississippi. Tippah County levied ad valorem taxes in the amount of \$92,998 to provide financial support for Tippah County Health Services. Complete financial statements may be obtained by contacting Tippah County Health Services administrative offices at (662) 837-9221.

Tippah County Development Foundation, Inc. is a nonprofit organization that promotes economic and community development in order to improve the quality of life for the citizens of Tippah County, Mississippi. The Foundation's support comes primarily from ad valorem taxes and membership dues. Tippah County levied ad valorem taxes in the amount of \$67,868 to provide financial support for Tippah County Development Foundation, Inc. Tippah County also has an operating lease agreement with Tippah County Development Foundation for the lease of a building. Complete financial statements may be obtained by contacting the Tippah County Development Foundation, Inc. at 201 Union Street Ripley, Mississippi 38663.

C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial

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

statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. 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 primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

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.

D. 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

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

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

AlumaForm Fund - This fund is used to account for monies received to complete the AlumaForm economic development project.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than 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.

FIDUCIARY FUND TYPES

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

E. Account Classifications.

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

F. Deposits.

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.

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the 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 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:

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

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

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

J. Deferred Outflows/Inflows of Resources

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 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 until that time.

Property tax for future reporting periods/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 a time as the revenue becomes available.

Capital leases for future reporting period/unavailable revenue – capital lease receivable – When a capital lease receivable 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.

K. Pensions

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

L. Long-term Liabilities.

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

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

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

M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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

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

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, and 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, 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.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

TIPPAH COUNTY

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

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues.

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

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

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide

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

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. For the year ending September 30, 2015, Tippah County recognized no liability.

Q. Change 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*; GASB Statement No. 69, *Government Combinations and Disposal of Government Operations*; 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.

Exhibit 2 – Statement of Activities.

Explanation	Amount
Implementation of GASB 68 & 71:	
Net Pension Liability as of 9/30/2014	\$ (5,413,623)
Deferred outflows – contributions made during the period from July 1, 2014 through September 30, 2014	106,132
Total	\$ <u>(5,307,491)</u>

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

Explanation	Amount
To reclassify funds reported in General Fund in error in prior year	\$ (43,691)
To reclassify funds to Other Governmental Funds reported in error in prior year	43,691
Total	\$ <u>-</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$4,276,103 and the bank balance was \$4,406,892. The collateral for public entities' deposits in financial institutions are 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.

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

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Fund	General Fund	\$ 21,294
Countywide Road Fund	Other Governmental Funds	8,012
Other Governmental Funds	General Fund	18,011
Total		<u>\$ 47,317</u>

The interfund balances to the General Fund represent represent tax revenue collected from the tax collector but not settled until October, 2015. The other interfund balance represents tax revenue settled to the NE Miss PDD Loan Fund erroneously and is due to Countywide Road Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Fund	General Fund	\$ 200,000
Countywide Road Fund	Other Governmental Funds	280,677
Other Governmental Funds	Other Governmental Funds	11,049
Total		<u>\$ 491,726</u>

The balances represent funds advanced to various funds to alleviate funding shortages. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 144,465
Countywide Road Fund	Other Governmental Funds	50,439
Total		<u>\$ 194,904</u>

The principal purpose of interfund transfers was to provide for general operating purposes. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

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

(5) Intergovernmental Receivables.

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

Governmental Activities:

Description	Amount
Legislative tax credit	\$ 88,206
State motor vehicle license privilege tax	52,461
Gas tax	44,900
Housing prisoners	2,975
Welfare	5,536
Timber severance	149
Salary reimbursements	11,979
Other	5,595
Total Governmental Activities	\$ 211,801

(6) Lease Receivables.

Component Unit: Tippah County Development Foundation

Description	Amount
Law Enforcement Center	\$ 615,081
Industrial Park Extension	44,292
Less: Current Portion	(235,747)
Total Lease Receivables	\$ 423,626

The Tippah County Development Foundation (Foundation) entered into an agreement on October 20, 1999 with Tippah County, for the construction of a new jail. Under the terms of the agreement, the Foundation was to obtain long-term financing, construct the jail building, and lease it to the County. The related lease payments are equal to the required debt payments while the County is required to pay all expenses related to the building.

In 2007, the Foundation entered into an agreement with Tippah County for the purchase of land in the industrial park. Under the terms of the agreement, the Foundation was to obtain long-term financing, purchase the land, and lease it to the County. The related lease payments are equal to the required debt payments while the County is required to pay all expenses related to the land.

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

(7) 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
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,543,808	-	252,640	-	1,291,168
Construction in progress	3,094,738	4,995,335	5,680,928	-	2,409,145
Total non-depreciable capital assets	4,638,546	4,995,335	5,933,568	-	3,700,313
<u>Depreciable capital assets:</u>					
Infrastructure	42,033,287	-	-	-	42,033,287
Buildings	2,983,838	-	-	-	2,983,838
Improvements other than buildings	39,800	-	-	-	39,800
Mobile equipment	4,664,485	178,974	78,985	251,450	5,015,924
Furniture and equipment	557,779	-	-	-	557,779
Leased property under capital leases	2,692,250	-	-	(251,450)	2,440,800
Total depreciable capital assets	52,971,439	178,974	78,985	-	53,071,428
<u>Less accumulated depreciation for:</u>					
Infrastructure	24,522,585	264,437	-	-	24,787,022
Buildings	1,035,725	50,472	-	-	1,086,197
Improvements other than buildings	14,328	1,592	-	-	15,920
Mobile equipment	3,719,735	147,269	71,087	226,305	4,022,222
Furniture and equipment	459,053	23,255	-	-	482,308
Leased property under capital leases	909,729	48,816	-	(226,305)	732,240
Total accumulated Depreciation	30,661,155	535,841	71,087	-	31,125,909
Total depreciable capital assets, net	22,310,284	(356,867)	7,898	-	21,945,519
Governmental activities capital assets, net	\$ 26,948,830	4,638,468	5,941,466	-	25,645,832

The adjustments to capital assets were to reclassify leased property that was paid off in the current period to mobile equipment.

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 30,371
Public safety	37,558
Public works	467,912
Total Governmental Activities Depreciation Expense	\$ 535,841

TIPPAH 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
Barefoot Access Road Project	\$ 28,918	May 2016
CECA Building Project	46,000	February 2016
BR-0939(8)B Project	33,000	June 2016
LSBP-70(24) Project	15,000	June 2016
SAP-70(64) Project	330,009	March 2017

The following is a schedule of capital assets for Tippah County Health Services for the year ended September 30, 2015.

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>				
Land	\$ 116,132	-	-	116,132
Total non-depreciable capital assets	116,132	-	-	116,132
<u>Depreciable capital assets:</u>				
Land improvements	174,029	-	-	174,029
Buildings and improvements	7,253,730	-	60,204	7,193,526
Fixed equipment	2,266,031	34,852	-	2,300,883
Major movable equipment:				
Under capital lease	148,283	-	-	148,283
Other	6,798,436	-	-	6,798,436
Automobiles	613,069	-	-	613,069
Total depreciable capital assets	17,253,578	34,852	60,204	17,228,226
<u>Less accumulated depreciation for:</u>				
Land improvements	168,706	1,339	-	170,045
Buildings and improvements	4,812,973	197,186	9,032	5,001,127
Fixed equipment	2,026,164	30,084	-	2,056,248
Major movable equipment				
Under capital lease	46,191	23,883	-	70,074
Other	5,743,298	242,503	-	5,985,801
Automobiles	528,028	45,339	-	573,367
Total accumulated depreciation	13,325,360	540,334	9,032	13,856,662
Total depreciable capital assets, net	3,928,218	(505,482)	51,172	3,371,564
Governmental activities capital assets, net	\$ 4,044,350	(505,482)	51,172	3,487,696

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

The following is a schedule of capital assets for Tippah County Development Foundation for the year ended September 30, 2015.

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>				
Land	\$ 254,936	-	-	254,936
Total non-depreciable capital assets	<u>254,936</u>	<u>-</u>	<u>-</u>	<u>254,936</u>
<u>Depreciable capital assets:</u>				
Building	334,720	25,500	-	360,220
Furniture and equipment	22,388	6,094	15,721	12,761
Total depreciable capital assets	<u>357,108</u>	<u>31,594</u>	<u>15,721</u>	<u>372,981</u>
<u>Less accumulated depreciation for:</u>				
Building	21,034	8,459	-	29,493
Furniture and equipment	27,785	1,276	14,714	14,347
Total accumulated depreciation	<u>48,819</u>	<u>9,735</u>	<u>14,714</u>	<u>43,840</u>
Total depreciable capital assets, net	<u>308,289</u>	<u>21,859</u>	<u>1,007</u>	<u>329,141</u>
Governmental activities capital assets, net	\$ <u>563,225</u>	<u>21,859</u>	<u>1,007</u>	<u>584,077</u>

(8) Claims and Judgments.

Risk Financing.

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

(9) Operating Leases.

As Lessee:

On May 1, 2010, Tippah County entered into a non-cancellable operating lease agreement with the Tippah County Development Foundation for the lease of a building and premises located at 159 Bails Road, Ripley, Mississippi 38663 owned by the Tippah County Development Foundation for the purpose of conducting business activities of Tippah County Development Foundation. The operating lease stipulated that the lessee would pay approximately \$6,083 per month in lease payments commencing July 1, 2010 for a term of ten years. The rental payments shall increase by \$100 per month per year beginning on July 1, 2013 and on the first day of July for each year thereafter.

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

The County has entered into a certain operating lease which does not give rise to property rights. Total costs for the lease was \$75,700 for the year ended September 30, 2015. The future minimum lease payments for the lease are as follows:

Year Ending September 30,	Principal
2016	\$ 76,900
2017	78,100
2018	79,300
2019	80,500
2020	61,050
Total Minimum Payments Required	\$ <u>375,850</u>

(10) Capital Leases.

As Lessor:

On December 29, 2011, Tippah County entered into a capital lease agreement with Big M Transportation, Inc. for the lease of a building in the Industrial Park. The capital lease stipulated that the lessee would pay approximately \$1,750 per month in lease payments commencing January 1, 2012 for a term of seven years. At the end of the lease term, Big M Transportation, Inc. has the option to purchase the property for the sum of \$1.

On January 1, 2013, Tippah County entered into a capital lease agreement with CECA Metal Processing, LLC for the lease of a building in the Industrial Park. The capital lease stipulated that the lessee would pay \$4,900 per month in lease payments commencing on January 1, 2013 for a term of fifteen years. The lease payments shall increase by \$100 per month each January 1 thereafter until the lease terminates or expires. At the end of the lease term, CECA Metal Processing, LLC has the option to purchase the property for the sum of \$1.

On April 1, 2015, Tippah County entered into a capital lease agreement with Aluma Form, LLC for the lease of a building in the Walnut Industrial Park. The capital lease stipulated that the lessee would pay approximately \$31,009 per month in lease payments commencing May 1, 2015 for a term of twenty years. At the end of the lease term, Aluma Form, LLC has the option to purchase the property for the sum of \$1.

The County leases the following property with varying terms and options as of September 30, 2015:

Class of Property	Governmental Activities
Land	\$ 252,640
Buildings	6,280,155
Total	\$ <u>6,532,795</u>

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

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2015, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 198,844	256,361
2017	208,286	248,119
2018	218,227	239,379
2019	212,681	230,374
2020	217,419	221,587
2021 – 2025	1,256,342	956,684
2026 – 2030	1,395,348	641,378
2031 – 2035	1,487,845	217,637
Total	<u>\$ 5,194,992</u>	<u>3,011,519</u>

As Lessee:

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

Class of Property	Governmental Activities
Law Enforcement Center	\$ 2,440,800
Less: Accumulated depreciation	<u>(732,240)</u>
Leased Property Under Capital Leases	<u>\$ 1,708,560</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 186,976	32,869
2017	196,525	23,320
2018	206,475	13,371
2019	111,428	2,918
Total	<u>\$ 701,404</u>	<u>72,478</u>

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

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Tippah County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee's 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 \$456,206, \$413,471, and \$390,449, respectively, equal to the required contributions for each year.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources

At September 30, 2015, the County reported a liability of \$7,064,319 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 0.0457 percent, which was an increase of 0.0011% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$876,631. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 108,716
Net difference between projected and actual earnings on pension plan investments	413,338
Changes of assumptions	608,567
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	94,344
County contributions subsequent to the measurement date	111,438
Total	<u>\$ 1,336,403</u>

\$111,438 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	\$ 401,727
2017	401,727
2018	318,177
2019	103,334
Total	<u>\$ 1,224,965</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

TIPPAH COUNTY

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

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:

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

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:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 9,311,419	7,064,319	5,199,645

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

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

(12) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
Capital Leases:			
Law Enforcement Center	\$ 701,404	5.00%	02/20/19
Total Capital Leases	\$ <u>701,404</u>		
Other Loans:			
JD 310SJ Backhoe	\$ 12,878	1.70%	06/15/16
2 RC5610 10' Cutters	4,440	1.70%	06/15/16
Countywide 5 Year Note	585,000	1.50%	12/01/17
2015 Refuse Truck	125,153	2.00%	06/15/20
Aluma Form Parking Lot	84,000	2.00%	12/01/18
Coroner Suburban	32,414	2.00%	09/23/20
Industrial Park Land	43,792	4.38%	06/28/16
2011 Chevy Ton Truck	1,908	1.70%	12/15/15
Ford F150 Crew Cab (2)	9,830	1.70%	02/01/16
AS 400 Computer System	2,184	1.70%	11/19/15
2011 Chevy Ton Truck	2,302	1.70%	12/15/15
Sheriff's Car	7,115	2.00%	03/15/17
Kabota Tractor	14,285	2.00%	03/15/17
Kabota Tractor	10,840	2.00%	03/15/17
Paver & Trailer	16,229	2.00%	07/01/17
NEMPDD Loan	31,200	4.38%	07/01/16
Dodge Charger	14,388	2.00%	01/15/18
Dodge Charger	13,267	2.00%	03/01/18
2011 Cat Backhoe	56,883	2.00%	03/15/18
2500 Dodge Truck	14,892	2.00%	12/15/17
CECA Building	311,567	3.00%	12/01/27
Dennis Pickup	20,788	2.00%	12/15/18
3 Crown Victorias	15,600	2.00%	08/01/19
1996 Talbert Trailer	16,800	2.00%	06/15/19
2015 Garbage Truck	98,376	2.00%	06/15/19
AlumaForm CAP Loan	4,331,141	3.00%	08/31/28
Total Other Loans	\$ <u>5,877,272</u>		

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

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

Governmental Activities:

Year Ending September 30,		Other Loans	
		Principal	Interest
2016	\$	638,460	157,776
2017		524,522	144,591
2018		513,384	133,361
2019		291,152	122,020
2020		239,001	114,108
2021 – 2025		1,129,038	470,773
2026 – 2030		1,227,718	291,506
2031 – 2035		1,313,997	101,606
Total	\$	<u>5,877,272</u>	<u>1,535,741</u>

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 1.67 % 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:

Governmental Activities:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Capital leases	\$ 884,320	-	182,916	701,404	186,976
Other loans	3,318,485	3,043,592	484,805	5,877,272	638,460
Total	<u>\$ 4,202,805</u>	<u>3,043,592</u>	<u>667,721</u>	<u>6,578,676</u>	<u>825,436</u>

Component Unit: Tippah County Development Foundation

Description and Purpose

	Amount Outstanding	Interest Rate	Final Maturity Date
Notes Payable:			
Law Enforcement Center	\$ 615,081	5.00%	05/05/19
Building	166,137	2.00%	11/01/24
Building	29,996	3.25%	06/29/22
Industrial Park Extension	44,292	4.38%	06/28/16
Total Notes Payable	<u>\$ 855,506</u>		

Year Ending September 30,	Notes Payable	
	Principal	Interest
2016	\$ 258,847	33,670
2017	226,125	22,252
2018	250,108	11,450
2019	16,299	2,234
2020	16,628	1,905
Thereafter	87,499	4,355
Total	<u>\$ 855,506</u>	<u>75,866</u>

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

Component Unit: Tippah County Health Services

Description and Purpose			
	Amount Outstanding	Interest Rate	Final Maturity Date
Notes Payable:			
Chemistry Analyzer	\$ 7,572	3.50%	12/15/15
Blue Mountain Clinic	138,633	3.75%	12/15/20
Total Notes Payable	<u>\$ 146,205</u>		
Capital Leases:			
Equipment	<u>\$ 68,398</u>	5.96%	09/15/18
Total Capital Leases	<u>\$ 68,398</u>		

Year Ending September 30,	Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 31,492	4,858	31,259	3,493
2017	24,846	3,876	33,337	1,415
2018	25,794	2,928	3,802	37
2019	26,778	1,944	-	-
2020	27,797	925	-	-
Thereafter	9,498	74	-	-
Total	<u>\$ 146,205</u>	<u>14,605</u>	<u>68,398</u>	<u>4,945</u>

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2015.

<u>Fund</u>	<u>Deficit Amount</u>
Law Library	\$ 10,197
CDBG Grant Fund	268,389
Tippah County Health Department	9,755

(14) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable 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.

Guarantees - The County agrees to guarantee its pro-rata share of a letter of credit in the amount of \$3,084,482, for the Northeast Mississippi Solid Waste Management Authority, providing financial responsibility, as authorized by Section 17-17-233 and 17-17-235 of the Mississippi Code of 1972, for closure and post-closure of their sanitary landfill facility.

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

(15) Joint Ventures.

The County participates in the following joint venture:

Tippah County is a participant with the Counties of Alcorn, Prentiss and Tishomingo in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Northeast Regional Library. The joint venture was created to provide a regional public library for the area, and is governed by a four-member board appointed by the Board of Supervisors. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$126,500.

Complete financial statements of the Northeast Regional Library can be obtained from the Northeast Regional Library, 1023 North Fillmore Street, Corinth, Mississippi 38834.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

The Regional IV Mental Health-Mental Retardation Commission is composed of the counties of Alcorn, Prentiss, Tippah, and Tishomingo. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The County appropriated \$36,000 for support of the commission in fiscal year 2015.

Northeast Mississippi Planning and Development District operates in a district composed of the following counties: Alcorn, Benton, Marshall, Prentiss, Tippah, and Tishomingo. The board of directors is composed of one appointee from each county Board of Supervisors. The County appropriated \$13,000 for support of the district in fiscal year 2015.

Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo, and Union. The Tippah County Board of Supervisors appoints four of the 24 members of the board of directors. The County appropriated \$357,518 in support of the college in fiscal year 2015.

Northeast Mississippi Regional Solid Waste Authority was organized to provide solid waste disposal services to the Counties of Benton, Prentiss and Tippah and the Cities of Ashland, Booneville and Ripley. Each of the six members has one vote with a guarantee that the member of the Board of Supervisors whose district contains the landfill is a permanent member of the Authority. Tippah County is the host county for the landfill; therefore, the Tippah County vote is divided between the County's representative and the member of the Board of Supervisors. The County did not appropriate any funds to the authority in fiscal year 2015. User governments will be billed on the volume of solid waste from each government.

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

(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 Tippah County evaluated the activity of the County through November 27, 2017, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
02/16/16	2.00%	\$ 152,400	Installment Loan	Ad Valorem Taxes
02/16/16	2.00%	55,594	Installment Loan	Ad Valorem Taxes
02/16/16	2.00%	94,885	Installment Loan	Ad Valorem Taxes
03/31/16	2.00%	136,874	Installment Loan	Ad Valorem Taxes
06/06/16	2.00%	10,641	Installment Loan	Ad Valorem Taxes
06/06/16	2.00%	360,000	Installment Loan	Ad Valorem Taxes
06/06/16	2.00%	84,512	Installment Loan	Ad Valorem Taxes
07/21/16	2.00%	24,600	Installment Loan	Ad Valorem Taxes
10/18/16	2.00%	50,100	Installment Loan	Ad Valorem Taxes
11/10/16	2.00%	74,375	Installment Loan	Ad Valorem Taxes
01/11/17	2.00%	118,000	Installment Loan	Ad Valorem Taxes
10/01/17	2.00%	44,640	Installment Loan	Ad Valorem Taxes
11/01/17	4.85%	49,950	Lease Purchase	Ad Valorem Taxes

Other Items to Note:

- The County approved a resolution for the Tippah County Hospital to borrow \$743,328 at an interest rate of 3.50% for 60 months from The Peoples Bank in April 2016.
- CECA bought out their capital lease with Tippah County and paid off the related CAP loan with Mississippi Development Authority in March 2017.
- The Board of Supervisors donated property to Northeast Mississippi Community College (NEMCC) for NEMCC to build a satellite campus.

(18) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position of \$123,179 includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$111,438 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. The \$1,224,965 balance of deferred outflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years.

***REQUIRED
SUPPLEMENTARY
INFORMATION***

TIPPAH 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	\$ 4,143,383	4,066,167	4,066,167	-
Licenses, commissions and fees	193,562	285,743	285,743	-
Fines and forfeitures	127,600	122,422	122,422	-
Intergovernmental revenues	800,900	984,703	984,703	-
Charges for services	59,000	67,817	67,817	-
Interest income	50,600	63,399	63,399	-
Miscellaneous revenues	37,000	107,397	107,397	-
Total Revenues	<u>5,412,045</u>	<u>5,697,648</u>	<u>5,697,648</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	3,710,960	3,333,138	3,333,138	-
Public safety	1,620,713	1,382,827	1,382,827	-
Public works	152,203	150,620	150,620	-
Health and welfare	153,600	148,404	148,404	-
Culture and recreation	140,283	200,697	200,697	-
Conservation of natural resources	147,521	46,880	46,880	-
Economic development and assistance	13,000	21,729	21,729	-
Debt service:				
Principal	-	228,374	228,374	-
Interest	-	44,579	44,579	-
Total Expenditures	<u>5,938,280</u>	<u>5,557,248</u>	<u>5,557,248</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(526,235)</u>	<u>140,400</u>	<u>140,400</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Debt	-	32,414	32,414	-
Insurance recoveries	-	2,106	2,106	-
Transfers in	-	252,555	252,555	-
Transfers out	-	(488,582)	(488,582)	-
Total Other Financing Sources and Uses	<u>-</u>	<u>(201,507)</u>	<u>(201,507)</u>	<u>-</u>
Net Change in Fund Balance	(526,235)	(61,107)	(61,107)	-
Fund Balances - Beginning	<u>(3,477,038)</u>	<u>151,329</u>	<u>151,329</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (4,003,273)</u>	<u>90,222</u>	<u>90,222</u>	<u>-</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TIPPAH COUNTY
 Budgetary Comparison Schedule
 Budget and Actual (Non-GAAP Basis)
 Countywide Road 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	\$ 1,308,508	1,127,903	1,127,903	-
Road and bridge privilege taxes	300,000	294,426	294,426	-
Intergovernmental revenues	551,000	895,814	895,814	-
Interest income	4,800	5,567	5,567	-
Miscellaneous revenue	-	13,313	13,313	-
Total Revenues	<u>2,164,308</u>	<u>2,337,023</u>	<u>2,337,023</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	2,229,100	2,042,517	2,042,517	-
Debt service:				
Principal	84,420	85,253	85,253	-
Interest	-	4,689	4,689	-
Total Expenditures	<u>2,313,520</u>	<u>2,132,459</u>	<u>2,132,459</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(149,212)</u>	<u>204,564</u>	<u>204,564</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from other	2,000	-	-	-
Transfers in	-	250,439	250,439	-
Transfers out	-	(9,458)	(9,458)	-
Total Other Financing Sources and Uses	<u>2,000</u>	<u>240,981</u>	<u>240,981</u>	<u>-</u>
Net Change in Fund Balance	(147,212)	445,545	445,545	-
Fund Balances - Beginning	<u>(1,784,820)</u>	<u>997,005</u>	<u>997,005</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (1,932,032)</u>	<u>1,442,550</u>	<u>1,442,550</u>	<u>-</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TIPPAH 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>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.0457%	0.0446%
County's proportionate share of the net pension liability (asset)	\$ 7,064,319	5,413,623
County's covered-employee payroll	\$ 2,853,505	2,727,530
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.57%	198.48%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

The accompanying notes to the required supplementary information are an integral part of this schedule.

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

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 456,206	413,471
Contributions in relation to the contractually required contribution	<u>456,206</u>	<u>413,471</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 2,896,546	2,625,213
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented 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.

TIPPAH 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:

	General Fund	Countywide Road Fund
Budget (Cash Basis)	\$ (61,107)	\$ 445,545
Increase (Decrease)		
Net adjustments for revenue accruals	(99,445)	15,237
Net adjustments for expenditure accruals	(38,655)	-
Net adjustments for other financing sources(uses)	89,456	(190,542)
GAAP Basis	\$ <u>(109,751)</u>	\$ <u>270,240</u>

TIPPAH 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.

SUPPLEMENTAL INFORMATION

TIPPAH COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2015

Operating Expenditures, Cash Basis:

Salaries	\$ 214,528
Refuse and waste fees	29,989
Expendable commodities:	
Gasoline & petroleum products	55,750
Repair parts	31,898
Supplies	4,096
Capital outlay	125,153
Debt retirement	29,197
Interest	<u>1,887</u>

Total Cash Basis Operating Expenditures	492,498
---	---------

Full Cost Expenses:

Less, new fixed assets	(125,153)
Less, principal payments	(29,197)
Indirect administrative costs	2,054
Depreciation on equipment	37,582
Net effect of other accrued expenses	<u>2,094</u>

Full Cost Operating Expenses	<u><u>\$ 379,878</u></u>
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OTHER INFORMATION

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

Name	Position	Company	Amount
Rodney McBryde	Chancery Clerk	Travelers Casualty & Surety Co.	\$ 100,000
Melinda M. Crum	County Administrator	Travelers Casualty & Surety Co.	\$ 100,000
James W. Gunn	Supervisor District 1	Travelers Casualty & Surety Co.	\$ 100,000
Greg Harrell	Supervisor District 2	Travelers Casualty & Surety Co.	\$ 100,000
Mike Graves	Supervisor District 3	Travelers Casualty & Surety Co.	\$ 100,000
Dennis Grisham	Supervisor District 4	Travelers Casualty & Surety Co.	\$ 100,000
Eddie Stroupe	Supervisor District 5	Travelers Casualty & Surety Co.	\$ 100,000
Kay Clark	Purchase Clerk	U.S. Fidelity & Guaranty Co.	\$ 75,000
Stacy Spink	Receiving Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Bobby Russell	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Martin Henderson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
James R. Jackson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Doug Norton	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Tim Flake	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Cleatus Robbins	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Mary Hudson Ray	Inventory Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Larry Jackson	County Road Manager	U.S. Fidelity & Guaranty Co.	\$ 50,000
David Terry Mathis	Constable North Half	Travelers Casualty & Surety Co.	\$ 50,000
Danny Lee Bennett	Constable South Half	Travelers Casualty & Surety Co.	\$ 50,000
Randy Graves	Circuit Clerk	Travelers Casualty & Surety Co.	\$ 100,000
Sandra Benefield	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Rebekah Lewellen Power	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Karl Gaillard	Sheriff	Travelers Casualty & Surety Co.	\$ 100,000
Howard Knight	Co Jail Administrator	Travelers Casualty & Surety Co.	\$ 50,000
Bill Middleton	Co Jail Administrator	Travelers Casualty & Surety Co.	\$ 50,000
Richard Alan Benefield	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Cindy Lynn Clark	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Robert Bruner	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Walter Carroll Dixon	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Rita Lowrey	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Maxine M. Barkley	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Clint Miller	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Sheryl Dean Adams	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Barbara Louanne Stanton	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Michael Anglin	Jailers	Travelers Casualty & Surety Co.	\$ 50,000
Robert J. Brown	Justice Court Judge North Half	Travelers Casualty & Surety Co.	\$ 50,000
Sonny Meeks	Justice Court Judge South Half	Travelers Casualty & Surety Co.	\$ 50,000
Gloria White	Justice Court Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Shelia D. Rogers	Justice Court Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Patricia Kent	Justice Court Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Kristina Raye Lovorn	Justice Court Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Rhonda Reno	Tax Collector-Assessor	Travelers Casualty & Surety Co.	\$ 100,000
Kristy Paseur	Tax Collector Bookkeeper	Travelers Casualty & Surety Co.	\$ 50,000
Becky Carter	Tax Collector Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Cassandra Jackson	Tax Collector Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Sandra Ray	Tax Collector Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Wanda Dains	Tax Collector Deputy Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Ronnie Martindale	Tax Assessor Deputy Clerk	Travelers Casualty & Surety Co.	\$ 10,000
Patricia Smith	Tax Assessor Deputy Clerk	Travelers Casualty & Surety Co.	\$ 10,000
William Andrew Tomlinson	Tax Assessor Deputy Clerk	Travelers Casualty & Surety Co.	\$ 10,000

SPECIAL REPORTS

**INDEPENDENT AUDITORS' 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
Tippah County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tippah 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 November 27, 2017. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Tippah County Health Services and the Tippah County Development Foundation, as described in our report on Tippah County's financial statements. The financial statements of the Tippah County Development Foundation were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tippah County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses 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 Responses as 2015-001, 2015-004 and 2015-005 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 Responses as 2015-002, 2015-003 and 2015-006, to be significant deficiencies.

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Compliance and Other Matters

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

We noted certain matters that we reported to the management of Tippah County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 27, 2017 included within this document.

Tippah County's Responses to Findings

Tippah County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Tippah 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County'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.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 27, 2017



Member of:
American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants
Mississippi Society of Certified Public Accountants

Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' 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
Tippah County, Mississippi

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

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

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

In our opinion, Tippah 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 of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating Tippah 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
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November 27, 2017

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TIPPAH COUNTY

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

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

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

Our test results did not identify any emergency purchases.

TIPPAH COUNTY

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

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

**LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors
Tippah County, Mississippi

In planning and performing our audit of the financial statements of Tippah County, Mississippi (the County) for the year ended September 30, 2015, we considered Tippah 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 Tippah 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 November 27, 2017 on the financial statements of Tippah 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Clerk of the Board.

1. Finding

The County has an appointed bonded employee with an "indefinite term" bond. Section 25-1-15, Miss Code Ann. (1972) requires a bond with a definite term concurrent with the normal election cycle of the County.

Recommendation

The Clerk of the Board should ensure that each bonded employee has a bond with a definite term.

Clerk of the Board's Response

We have taken the appropriate actions to ensure compliance with the State Auditor's requirement.

Chancery Clerk.

2. Finding

The Chancery Clerk's office does not have an adequate internal control system in place to adequately track missing and voided Land Redemption receipts.

Recommendation

The Chancery Clerk should implement a system of internal controls to account for all copies of missing or voided receipts.

Chancery Clerk's Response

I will comply.

3. Finding

The Chancery Clerk does not always issue a receipt for amounts over \$10.00 as required by Section 9-1-43, Miss Code Ann. (1972).

Recommendation

The Chancery Clerk should issue receipts on all amounts over \$10.00.

Chancery Clerk's Response

I will comply.

4. Finding

The Chancery Clerk did not properly maintain his fee journal which resulted in an understatement of revenue and overstatement of expenses and an underpayment of his PERS contributions.

Recommendation

The Chancery Clerk should amend his Annual Financial Report to reflect the proper revenue and retirement contributions.

Chancery Clerk's Response

I will comply.

5. Finding

The Chancery Clerk was not properly reconciling his fee journal balance to the bank balance.

Recommendation

The Chancery Clerk needs to prepare the fee journal accurately to ensure that all fees are properly settled and all revenue is properly accounted for.

Chancery Clerk's Response

I will comply.

6. Finding

The Chancery Clerk does not keep a ledger balance for the land redemption account making it difficult to verify that all land redemption monies have been settled properly.

Recommendation

The Chancery Clerk should keep a ledger balance that accounts for the deposits and checks for land redemption and ensure that this balance agrees with his reconciled bank balance each month.

Chancery Clerk's Response

I will comply.

7. Finding

The Chancery Clerk did not properly prepare the land redemption bank reconciliation.

Recommendation

The Chancery Clerk should ensure that bank reconciliations are properly prepared for the land redemption account.

Chancery Clerk's Response

I will comply.

Circuit Clerk.

8. Finding

There were errors in the Circuit Clerk's annual financial report. The Circuit Clerk understated revenue by a net of \$241 and overstated expenses by \$9 resulting in a liability of \$250 back to Tippah County General Fund.

Recommendation

The Circuit Clerk should repay \$250 back to the County, amend his annual financial report to reflect these changes and submit the amended report to the Office of the State Auditor.

Circuit Clerk's Response

The Clerk repaid the \$250 on November 27, 2017 with check number 1014. The County receipt number was 20162.

Sheriff.

9. Finding

The Sheriff did not maintain a public record identifying the property seized, the disposition date, and the amount of the proceeds from sale in relation to confiscated property as required by Section 25-1-51 of the Mississippi Code of 1972.

Recommendation

The Sheriff should maintain a ledger to identify all seized or confiscated property, the disposition date, and the amount of proceeds from the sale.

Sheriff's Response

I have purchased a ledger to record the information as required by Code Section 25-1-51 and will comply with the requirements in future periods.

10. Finding

Not all of the drug buy vouchers contained required documentation including descriptions of information or evidence purchased, proper signatures, and bona fide case numbers.

Recommendation

The Sheriff and Narcotics Investigators should prepare all vouchers correctly including descriptions of the information or evidence purchased, proper signatures, and bona fide case numbers.

Sheriff's Response

We will comply.

11. Finding

The confidential informant file did not contain sufficient documentation to authenticate all of the confidential informants provided on drug buy vouchers.

Recommendation

The Sheriff and the Narcotics Investigators should ensure that sufficient documentation is retained in the confidential informant file to authenticate all confidential informants involved in drug buys.

Sheriff's Response

We will comply.

Tippah 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 specified parties. However, this report is a matter of public record and its distribution is not limited.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 27, 2017

TIPPAH COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Section 1: Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Unmodified
General Fund	Unmodified
Countywide Road Fund	Unmodified
AlumaForm Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified that are not considered to be material weaknesses? Yes

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Chancery Clerk

Material Weakness.

2015-001

Criteria

An effective system of internal control should include adequate segregation of duties for payroll preparation.

Condition

The maintenance of the general ledger, processing of payroll, and other payroll duties are not adequately segregated for effective internal control. The payroll clerk prepares payroll, stamps the Chancery Clerk's signature prior to distributing checks to department heads, and reconciles the payroll bank statement.

Effect

The failure to have an adequate segregation of duties for payroll preparation could result in the loss of public funds.

Cause

A lack of segregation of duties.

Recommendation

The Chancery Clerk should implement a system of internal control that will ensure proper segregation of duties exists in regard to the processing of payroll, signing of payroll checks, and reconciliation of the payroll bank account.

Chancery Clerk's Response

I will comply.

TIPPAH COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Significant Deficiency.

2015-002 Criteria

For effective internal control over cash, the receipt of revenue should be recorded in the County's records and deposited on a timely basis.

Condition

The Chancery Clerk's payroll reimbursement receipts were not made on a timely basis.

Effect

Failure to deposit Chancery Clerk's payroll reimbursement receipts on a timely basis essentially results in an "interest free" loan to the Chancery Clerk and could result in the loss or misappropriation of public funds.

Cause

The Chancery Clerk failed to monitor the timeliness of his employee payroll reimbursement.

Recommendation

The Chancery Clerk should make his payroll reimbursement to the County the day of his employee payroll expenditures.

Chancery Clerk's Response

I will comply.

Significant Deficiency.

2015-003 Criteria

An effective system of internal controls should include proper segregation of duties and adequate review and documentation of the bank reconciliations prepared by the Chancery Clerk.

Condition

A critical aspect of effective financial management is implementing a strong system of internal controls. The Chancery Clerk is the one who makes the bank deposits and prepares the Chancery Clerk's bank reconciliations. The Chancery Clerk does not have someone else document the review of the deposits or the bank reconciliations the Clerk prepared.

Effect

The lack of a strong system of internal controls increases the possibility of the loss or misappropriation of public funds.

Cause

A lack of internal controls and segregation of duties.

TIPPAH COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Recommendation

Someone other than the person who prepares the bank reconciliations should review and document the review of the bank reconciliations.

Chancery Clerk's Response

I will comply.

Material Weakness.

2015-004

Criteria

A segregation of duties is considered necessary to insure financial data is initiated, recorded, and processed consistent with the assertions of management in the financial statements.

Condition

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Effect

The County bookkeeper maintains the general ledger, collects cash, writes and signs checks, and handles certificates of deposit transactions. This lack of segregation of duties could result in the misappropriation of funds that would not be timely discovered.

Cause

Lack of segregation of duties could result in misappropriation of funds that would not be timely discovered.

Recommendation

The Chancery Clerk should implement procedures and compensating controls to ensure that misappropriation of funds would be timely discovered.

Chancery Clerk's Response

I am aware of the lack of segregation of duties due to the small office staff. As a result, the Board of Supervisors and I are involved in the financial affairs of the County and provide oversight and independent review functions.

Sheriff

Material Weakness.

2015-005

Criteria

An effective system of internal controls should include an adequate segregation of duties in the Sheriff's Office.

TIPPAH COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Condition

The bookkeeper receipts collections, prepares the deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements, and disburses all funds.

Effect

The failure to implement adequate segregation of duties in the initiating, processing and recording of the financial data of the Sheriff's Office could result in the misappropriation of funds that would not be timely discovered.

Cause

The cash collections and disbursements of the Sheriff's Office are not adequately segregated for effective internal controls.

Recommendation

The Sheriff should implement procedures and compensating controls to ensure that the misappropriation of funds would be timely discovered.

Sheriff's Response

I am aware of the lack of segregation of duties due to the small office staff. I will provide frequent and independent reviews of the processing and recording of the financial data of the Sheriff's Office.

Significant Deficiency.

2015-006

Criteria

An effective system of internal control over fuel card purchases should include keeping adequate documentation to substantiate that fuel purchases were made by an on-duty County employee in a County owned vehicle.

Condition

The Sheriff failed to enforce the County's internal control policy regarding fuel card purchases. The following deficiencies were noted:

- (a) Employees were making purchases with County fuel cards during time periods that could not be verified by payroll documentation.
- (b) Fuel cards did not remain in the assigned vehicle.
- (c) Employees had multiple fuel cards in their possession at one time.
- (d) Odometer readings were not input correctly to validate that the fuel purchases were for a County owned vehicle.
- (e) A fuel card was still in use and assigned to a vehicle that the County no longer had recorded on the inventory listing or insured.

TIPPAH COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Effect

The failure to enforce proper internal controls over fuel card purchases could result in a loss of public funds.

Cause

A lack of internal controls over the use of fuel card purchases within the Sheriff's department.

Recommendation

In the future, the Sheriff should enforce the County's internal controls over fuel card purchases.

Sheriff's Response

I have issued new fuel cards and PIN numbers. I will cross reference fuel card purchases with payroll time records frequently.