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ALCORN COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Alcorn County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alcorn County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Alcorn County, Mississippi, as of September 30, 2017, or the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions on Governmental Activities and Business-Type Activities

As discussed in Note 9 to the financial statements, the county has not recorded a liability for other postemployment benefits in the governmental activities and business-type activities and, accordingly, has not recorded expense for the current period change in those liabilities. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities and business-type activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities and business-type activities is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities and Business-Type Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and business-type activities of Alcorn County, Mississippi, as of September 30, 2017, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Garbage and Solid Waste Fund, Regional Park Fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Alcorn County, Mississippi, has omitted the Management's Discussion and Analysis and the Schedule of Funding Progress-Other Postemployment Benefits 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2019, on our consideration of Alcorn County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alcorn County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J E Vance & Company". The signature is written in a cursive, flowing style.

J. E. Vance & Company, P.A.
September 16, 2019

FINANCIAL STATEMENTS

Alcorn County
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 1,010,895		1,010,895
Property tax receivable	8,438,537		8,438,537
Fines receivable (net of allowance for uncollectibles of \$1,052,920)	313,642		313,642
Capital leases receivable	479,544		479,544
Intergovernmental receivables	652,660	267,938	920,598
Other receivables	151,996	7,131	159,127
Prepaid items	122,570		122,570
Loans receivable	6,656,397		6,656,397
Internal balances	2,672,558	(2,672,558)	
Restricted assets - cash		1,495,699	1,495,699
Capital assets:			
Land and construction in progress	1,888,288	35,000	1,923,288
Other capital assets, net	58,376,245	17,503,102	75,879,347
Total Assets	80,763,332	16,636,312	97,399,644
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,104,497	349,737	1,454,234
Deferred amount on refunding		1,571,037	1,571,037
Total Deferred Outflows of Resources	1,104,497	1,920,774	3,025,271
LIABILITIES			
Claims payable	180,340	100,916	281,256
Intergovernmental payables	375,462		375,462
Accrued interest payable	160,781	75,192	235,973
Amounts held in custody for others	80,789		80,789
Long-term liabilities			
Due within one year:			
Capital debt	687,626	569,007	1,256,633
Non-capital debt	1,139,604		1,139,604
Due in more than one year:			
Capital debt	9,112,175	8,915,006	18,027,181
Non-capital debt	7,521,906		7,521,906
Net pension liability	10,505,087	2,996,932	13,502,019
Total Liabilities	29,763,770	12,657,053	42,420,823
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	269,939	73,308	343,247
Property tax for future reporting period	8,438,537		8,438,537
Unavailable revenue - interest on capital leases	27,610		27,610
Total Deferred Inflows of Resources	8,736,086	73,308	8,809,394
NET POSITION			
Net investment in capital assets	50,464,732	8,054,089	58,518,821
Restricted:			
Expendable:			
Public safety	85,251		85,251
Public works	2,590,140		2,590,140
Debt service	195,682		195,682
Culture and recreation	7,462		7,462
Economic development	4,434		4,434
Capital projects	11,814		11,814
Nonexpendable	41,888		41,888
Unrestricted	(10,033,430)	(2,227,364)	(12,260,794)
Total Net Position	\$ 43,367,973	5,826,725	49,194,698

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

Alcorn County
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,742,488	685,618			(3,056,870)		(3,056,870)
Public safety	3,063,591	678,227	236,653		(2,148,711)		(2,148,711)
Public works	4,148,855		1,253,214	1,216,148	(1,679,493)		(1,679,493)
Health and welfare	639,152		208,032		(431,120)		(431,120)
Culture and recreation	864,686		226,506		(638,180)		(638,180)
Conservation of natural resources	128,710				(128,710)		(128,710)
Economic development and assistance	646,611		320,210		(326,401)		(326,401)
Interest on long-term debt	824,105				(824,105)		(824,105)
Pension expense	1,503,409				(1,503,409)		(1,503,409)
Total Governmental Activities	15,561,607	1,363,845	2,244,615	1,216,148	(10,736,999)		(10,736,999)
Business-type activities:							
Regional Correctional Facility	4,835,973	3,786,216				(1,049,757)	(1,049,757)
Total Business-type Activities	4,835,973	3,786,216	-0-	-0-		(1,049,757)	(1,049,757)
Total Primary Government	\$ 20,397,580	5,150,061	2,244,615	1,216,148	(10,736,999)	(1,049,757)	(11,786,756)
General revenues:							
Property taxes					\$ 9,562,896		9,562,896
Road & bridge privilege taxes					417,475		417,475
Grants and contributions not restricted to specific programs					863,040		863,040
Unrestricted interest income					357,738	4,483	362,221
Miscellaneous					212,721	5,608	218,329
Transfers					(8,742,563)	8,742,563	
Total General Revenues and Transfers					2,671,307	8,752,654	11,423,961
Changes in Net Position					(8,065,692)	7,702,897	(362,795)
Net Position - Beginning					51,433,665	(1,876,172)	49,557,493
Net Position - Ending					\$ 43,367,973	5,826,725	49,194,698

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

Alcorn County
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds			Other	Total
	General	Garbage and	Regional	Governmental	Governmental
	Fund	Solid Waste	Park	Funds	Funds
		Fund	Fund		
ASSETS					
Cash	\$ 533,045		3,603	474,247	1,010,895
Property tax receivable	5,046,458	557,148		2,834,931	8,438,537
Fines receivable (net of allowance for uncollectibles of \$1,052,920)	313,642				313,642
Capital lease receivable				479,544	479,544
Intergovernmental receivables	227,026			99,093	326,119
Other receivables	75,538	925		54,331	130,794
Loans receivable			6,656,397		6,656,397
Due from other funds	2,675,558	10,622		1,456,355	4,142,535
Advances to other funds	41,888			215,876	257,764
Total Assets	\$ 8,913,155	568,695	6,660,000	5,614,377	21,756,227
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 75,862	6,076		98,402	180,340
Intergovernmental payables	342,660				342,660
Due to other funds	256,834	1,230,410			1,487,244
Advances from other funds	9,376	172,535		70,186	252,097
Amounts held in custody for others	80,789				80,789
Total Liabilities	\$ 765,521	1,409,021	-0-	168,588	2,343,130
Deferred inflows of resources:					
Unavailable revenue - property taxes	5,046,458	557,148		2,834,931	8,438,537
Unavailable revenue - fines	313,642				313,642
Unavailable revenue - principal and interest on capital leases				479,544	479,544
Total Deferred Inflows of Resources	\$ 5,360,100	557,148	-0-	3,314,475	9,231,723
Fund balances:					
Nonspendable:					
Advances	41,888				41,888
Loans receivable			6,840,000		6,840,000
Restricted for:					
Public safety				85,251	85,251
Public works				2,590,140	2,590,140
Culture and recreation				7,462	7,462
Economic development and assistance				4,434	4,434
Debt service				356,463	356,463
Capital projects				11,814	11,814
Unassigned	2,745,646	(1,397,474)	(180,000)	(924,250)	243,922
Total Fund Balances	\$ 2,787,534	(1,397,474)	6,660,000	2,131,314	10,181,374
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,913,155	568,695	6,660,000	5,614,377	21,756,227

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

Alcorn County
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2017

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,181,374
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$82,508,012.	60,264,533
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	313,642
Prepaid insurance	122,570
Intergovernmental receivables	326,541
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(18,461,311)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,505,087)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(160,781)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	451,934
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,104,497
Deferred inflows of resources related to pensions	<u>(269,939)</u>
Total Net Position - Governmental Activities	\$ <u><u>43,367,973</u></u>

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

Alcorn County
Exhibit 4
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017**

	Major Funds			Other	Total
	General	Garbage and	Regional	Governmental	Governmental
	Fund	Solid Waste	Park	Funds	Funds
		Fund	Fund		
REVENUES					
Property taxes	\$ 5,851,386	600,460		3,111,050	9,562,896
Road and bridge privilege taxes				417,475	417,475
Licenses, commissions and other revenue	360,165			9,433	369,598
Fines and forfeitures	347,054			22,115	369,169
Intergovernmental revenues	1,368,820	23,440	226,506	2,718,888	4,337,654
Charges for services	250,365			354,015	604,380
Interest income	12,671		344,292	775	357,738
Miscellaneous revenues	115,219	924		97,791	213,934
Total Revenues	8,305,680	624,824	570,798	6,731,542	16,232,844
EXPENDITURES					
Current:					
General government	3,770,065			232,988	4,003,053
Public safety	2,348,850			1,386,497	3,735,347
Public works	100,000	738,824		3,904,402	4,743,226
Health and welfare	618,283				618,283
Culture and recreation	150,895		224,758	344,453	720,106
Conservation of natural resources	132,968				132,968
Economic development and assistance	33,194			770,317	803,511
Debt service:					
Principal	947,259		180,000	1,266,920	2,394,179
Interest	24,665		346,040	216,564	587,269
Bond issue costs	310,906				310,906
Total Expenditures	8,437,085	738,824	750,798	8,122,141	18,048,848
Excess of Revenues over (under) Expenditures	(131,405)	(114,000)	(180,000)	(1,390,599)	(1,816,004)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	56,920			749,322	806,242
Long-term non-capital debt issued	600,000			656,900	1,256,900
Refunding bonds issued	9,053,469				9,053,469
Transfers in				261,977	261,977
Transfers out	(8,993,604)			(10,936)	(9,004,540)
Lease principal payments				103,153	103,153
Total Other Financing Sources and Uses	716,785	0	0	1,760,416	2,477,201
Net Changes in Fund Balances	585,380	(114,000)	(180,000)	369,817	661,197
Fund Balances - Beginning	2,202,154	(1,283,474)	6,840,000	1,761,497	9,520,177
Fund Balances - Ending	\$ 2,787,534	(1,397,474)	6,660,000	2,131,314	10,181,374

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

Alcorn County**Exhibit 4-1**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 661,197
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 \$2,064,933 exceeded depreciation of \$1,313,835.	751,098
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.	(25,781)
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.	20,698
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$2,394,179 and amortization of \$69,060 exceeded debt proceeds of \$11,116,611.	(8,653,372)
Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues / expenditures in the funds. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in long-term receivables:	
Intergovernmental revenues	(13,851)
Miscellaneous revenues	(1,214)
Prepaid insurance	(350)
Decrease in accrued interest payable	5,010
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 amount that capital lease issuances of \$156,900 exceeded principal collections of \$103,153.	53,747
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,503,409)
Recording of contributions made to retirement plan	<u>640,535</u>
Change in Net Position of Governmental Activities	\$ <u><u>(8,065,692)</u></u>

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

Alcorn County
Statement of Net Position - Proprietary Fund
September 30, 2017

Exhibit 5

	Business-type Activities - Enterprise Fund
	Alcorn County Regional
	<u>Correctional Facility</u>
ASSETS	
Current assets:	
Intergovernmental receivables	\$ 267,938
Other receivables	7,131
Restricted assets - cash	1,495,699
Total Current Assets	<u>1,770,768</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	17,538,102
Total Noncurrent Assets	<u>17,538,102</u>
Total Assets	<u>19,308,870</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	349,737
Deferred amount on refunding	1,571,037
Total Deferred Outflows of Resources	<u>1,920,774</u>
LIABILITIES	
Current liabilities:	
Claims payable	100,916
Due to other funds	2,672,558
Accrued interest payable	75,192
Capital debt:	
Limited obligation bonds	569,007
Total Current Liabilities	<u>3,417,673</u>
Noncurrent liabilities:	
Capital debt:	
Limited obligation bonds	8,915,006
Net pension liability	2,996,932
Total Noncurrent Liabilities	<u>11,911,938</u>
Total Liabilities	<u>15,329,611</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	73,308
Total Deferred Inflows of Resources	<u>73,308</u>
NET POSITION	
Net investment in capital assets	8,054,089
Unrestricted	(2,227,364)
Total Net Position	<u>\$ 5,826,725</u>

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

Alcorn County**Exhibit 6****Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2017**

	<u>Business-type Activities - Enterprise Fund</u>
	Alcorn County Regional Correctional Facility
Operating Revenues	
Charges for services	\$ 3,786,216
Total Operating Revenues	<u>3,786,216</u>
Operating Expenses	
Personal services	1,752,422
Pension expense	481,164
Contractual services	641,643
Materials and supplies	703,112
Depreciation expense	414,994
Total Operating Expenses	<u>3,993,335</u>
Operating Income (Loss)	<u>(207,119)</u>
Nonoperating Revenues (Expenses)	
Interest income	4,483
Interest expense	(842,638)
Gain on disposal of capital assets	5,608
Net Nonoperating Revenue (Expenses)	<u>(832,547)</u>
Net Income (Loss) Before Transfers	(1,039,666)
Transfers in	<u>8,742,563</u>
Changes in Net Position	<u>7,702,897</u>
Net Position - Beginning	<u>(1,876,172)</u>
Net Position - Ending	<u>\$ 5,826,725</u>

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

Alcorn County
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2017

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>	
	Alcorn County Regional Correctional Facility	
Cash Flows From Operating Activities		
Receipts from customers	\$	3,450,732
Payments to suppliers		(1,314,908)
Payments to employees		(1,935,005)
Net Cash Provided by Operating Activities		<u>200,819</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds of long-term debt		10,055,000
Principal paid on long-term debt		(18,909,343)
Acquisition of capital assets		(29,169)
Transfers in		8,742,563
Interest paid on debt		(856,819)
Net Cash Used by Capital and Related Financing Activities		<u>(997,768)</u>
Cash Flows From Noncapital Financing Activities		
Receipts from governmental funds		1,315,655
Disbursements to restricted investments account		(17,650)
Other receipts		15,038
Net Cash Provided by Noncapital Financing Activities		<u>1,313,043</u>
Cash Flows From Investing Activities		
Interest on deposits		<u>4,483</u>
Net Cash Provided by Investing Activities		<u>4,483</u>
Net Change in Cash and Cash Equivalents		520,577
Cash and Cash Equivalents at Beginning of Year		
Unrestricted	-0-	
Restricted	<u>975,122</u>	
	975,122	975,122
Cash and Cash Equivalents at End of Year		
Unrestricted	-0-	
Restricted	<u>1,495,699</u>	
	1,495,699	<u>\$ 1,495,699</u>

(Continued)

Alcorn County
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2017

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>	
	<u>Alcorn County Regional Correctional Facility</u>	
Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities:		
Operating loss	\$	(207,119)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		414,994
Changes in assets and liabilities:		
Decrease in intergovernmental receivables		253,885
Decrease in other receivables		2,305
Increase in claims payable		29,424
Increase in interfund payables	724,555	
Less: portion of increase attributable to non-capital financing activities	<u>(1,315,655)</u>	
Decrease in operating portion of interfund payables	(591,100)	(591,100)
Decrease in net pension liability		(97,992)
Increase in deferred outflows of resources	(1,168,035)	
Less: portion of increase attributable to deferred amount on refunding	<u>1,571,037</u>	
Decrease in operating portion of deferred outflows of resources	403,002	403,002
Decrease in deferred inflows of resources		<u>(6,580)</u>
Total Adjustments		<u>407,938</u>
Net Cash Provided by Operating Activities	\$	<u>200,819</u>

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

Alcorn County
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 8

	Agency Funds
ASSETS	
Cash	\$ 42,100
Due from other funds	20,267
Advances to other funds	12,535
Total Assets	\$ 74,902
LIABILITIES	
Amounts held in custody for others	\$ 48,814
Intergovernmental payables	4,886
Due to other funds	3,000
Advances from other funds	18,202
Total Liabilities	\$ 74,902

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

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

- Alcorn County Human Resource Agency
- Alcorn County Volunteer Fire Districts

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

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

B. Basis of Presentation

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

Government-wide Financial Statements

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

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

B. Basis of Presentation (Continued)

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

Fund Financial Statements

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

C. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

C. Measurement Focus and Basis of Accounting (Continued)

Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

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

Garbage and Solid Waste Fund - This fund is used to account for activities of collecting and disposal of garbage.

Regional Park Fund - This fund is used to account for monies from specific revenue sources that are established for the expansion of Crossroads Regional Park.

The county reports the following major Enterprise Fund:

Alcorn County Regional Correctional Facility Fund – This fund is used to account for the County’s activities in operating a regional correctional facility.

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 expenditures for specified purposes other than debt service or capital projects.

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

Proprietary Fund Type

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

Fiduciary Fund Type

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

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

D. Account Classifications

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

E. Deposits and Investments

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

F. Receivables

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

G. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance 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. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

I. Restricted Assets

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the county's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the county's operation that could adversely affect debt service payments. The "project fund" account is used to report those proceeds of revenue bonds issuances that are restricted for use in construction. The "revenue" fund is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of trust agreements. The "depreciation and operating reserve" fund is used to pay the costs of major repairs and replacements to the correctional facility the costs of which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The "insurance payment" fund is used to pay the annual insurance premium for insurance for the correctional facility. The "general" fund is used to pay the principal and interest payments due to the county's enterprise fund revenue bonds. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

J. Capital Assets

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the (applicable) governmental activities and business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available.

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

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

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

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

J. Capital Assets (Continued)

The following schedule details those thresholds and estimated useful lives:

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

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

K. 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.

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

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

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

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

K. Deferred Outflows/Inflows of Resources (Continued)

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

Fines

Principal and interest on capital leases

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

L. 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.

M. Long-Term Liabilities

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

N. 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 improvements 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.”

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

N. Equity Classifications (Continued)

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (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 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.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

O. 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.

P. Intergovernmental Revenues in Governmental Funds

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

Q. 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 or unused personal leave. For the year ended September 30, 2017, Alcorn County recognized no liability.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(2) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2017 was \$2,548,694, including \$1,495,699 in restricted accounts and \$42,100 in fiduciary accounts, and the bank balance was \$2,720,917. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a 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 – Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above the 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.

(3) Loans Receivable

At September 30, 2017, the Corinth-Alcorn County Recreational Commission had \$6,656,397 in loans payable for previous and current loans the County made to the expansion project of Crossroads Regional Park using funds from the \$7,100,000 Taxable Special Obligation Bonds Issue, Series 2015. During June 2015, the Commission entered into an agreement to finance the County's scheduled debt payments totaling \$7,100,000 principal, with interest ranging from 4.5% - 5.75%. over the remaining life of the bonds.

The following is a summary of loan repayments, equal to the annual debt service requirements of the County:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 190,000
2019	200,000
2020	210,000
2021	215,000
2022-2026	1,250,000
2027-2031	1,595,000
2032-2036	2,050,000
2037-2038	<u>950,000</u>
Total payments	6,660,000
Less: Cash held in project fund	<u>(3,603)</u>
Loan receivable	<u><u>\$ 6,656,397</u></u>

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Alcorn County Regional Correctional Facility Fund	\$ 2,672,558
General Fund	Agency Funds	3,000
Garbage and Solid Waste Fund	General Fund	10,622
Other Governmental Funds	General Fund	225,945
Other Governmental Funds	Garbage and Solid Waste Fund	1,230,410
Agency Funds	General Fund	20,267
Total		<u>\$ 4,162,802</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2017. The payable from the Agency Fund represents an advance to cover anticipated cash flows, which is expected to be repaid within one year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 23,686
General Fund	Agency Funds	18,202
Other Governmental Funds	General Fund	9,376
Other Governmental Funds	Garbage and Solid Waste Fund	160,000
Other Governmental Funds	Other Governmental Funds	46,500
Agency Funds	Garbage and Solid Waste Fund	12,535
Total		<u>\$ 270,299</u>

The payables to the General Fund represent loans to establish opening balances in other funds. The payables from Garbage & Solid Waste Fund represent advances to cover operating deficits.

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(4) Interfund Transactions and Balances (Continued)

C. Transfers In/Out

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 251,041
Other Governmental Funds	Other Governmental Funds	10,936
Alcorn County Regional Correctional Facility Fund	General Fund	<u>8,742,563</u>
Total		<u><u>\$ 9,004,540</u></u>

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

(5) Operating Leases

As Lessor:

The county receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$63,600 for the year ended September 30, 2017. The future minimum lease receivables for this lease is as follows:

Year Ending September 30,	Amount
2018	\$ 63,600
2019	63,600
2020	63,600
2021	63,600
2022	-0-
Thereafter	<u>-0-</u>
Total	<u><u>\$ 254,400</u></u>

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(6) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2017 consisted of the following:

Description	Amount
<i>Governmental Funds / Governmental Activities:</i>	
Legislative Tag Credit	\$ 156,604
Motor Vehicle Fuel Tax	59,104
Motor Vehicle Licenses	34,665
Solid Waste DEQ Grant	22,032
State aid construction	35,176
Payment in-lieu of tax Distribution	17,221
Other	1,317
Total Governmental Funds	326,119
Payment in-lieu of tax Distribution	291,771
Emergency Management Grant	32,248
Harvest Permits	253
Overweight Fines	2,269
Total Long-term Receivables	326,541
Total Governmental Activities	\$ 652,660
<i>Enterprise Funds / Business-type Activities:</i>	
Reimbursement for housing prisoners	\$ 267,938
Total Enterprise Funds / Business-type Activities	\$ 267,938

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(7) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2017:

Primary Government:	Balance 10/1/2016	Increases	Decreases	Completed Construction	Adjustments	Balance 9/30/2017
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 721,783					\$ 721,783
Construction-in-progress	1,384,620	1,180,971		(1,399,086)		1,166,505
Total non-depreciable capital assets	<u>2,106,403</u>	<u>1,180,971</u>	<u>-0-</u>	<u>(1,399,086)</u>	<u>-0-</u>	<u>1,888,288</u>
<u>Depreciable capital assets:</u>						
Infrastructure	118,983,824			1,399,086		120,382,910
Buildings	14,172,450					14,172,450
Improvements other than buildings	461,273					461,273
Mobile equipment	3,239,282	72,649	37,385		192,026	3,466,572
Furniture and equipment	1,461,220	34,594	414,663		118,692	1,199,843
Leased property under capital leases	735,208	776,719			(310,718)	1,201,209
Total depreciable capital assets	<u>139,053,257</u>	<u>883,962</u>	<u>452,048</u>	<u>1,399,086</u>	<u>-0-</u>	<u>140,884,257</u>
<u>Less accumulated depreciation for:</u>						
Infrastructure	70,475,439	782,158				71,257,597
Buildings	6,532,867	223,263				6,756,130
Improvements other than buildings	172,537	18,456				190,993
Mobile equipment	2,779,266	105,679	31,846		103,132	2,956,231
Furniture and equipment	1,347,704	19,583	394,421		117,505	1,090,371
Leased property under capital leases	312,631	164,696			(220,637)	256,690
Total accumulated depreciation	<u>81,620,444</u>	<u>1,313,835</u>	<u>426,267</u>	<u>-0-</u>	<u>-0-</u>	<u>82,508,012</u>
Total depreciable capital assets, net	<u>57,432,813</u>	<u>(429,873)</u>	<u>25,781</u>	<u>1,399,086</u>	<u>-0-</u>	<u>58,376,245</u>
Governmental activities capital assets, net	<u>59,539,216</u>	<u>751,098</u>	<u>25,781</u>	<u>-0-</u>	<u>-0-</u>	<u>60,264,533</u>
Business-type Activities:						
<u>Non-depreciable capital assets:</u>						
Land	35,000					35,000
<u>Depreciable capital assets:</u>						
Buildings	20,302,639					20,302,639
Mobile equipment	20,500	29,169	20,500			29,169
Furniture and equipment	161,544					161,544
Total depreciable capital assets	<u>20,484,683</u>	<u>29,169</u>	<u>20,500</u>	<u>-0-</u>	<u>-0-</u>	<u>20,493,352</u>
<u>Less accumulated depreciation for:</u>						
Buildings	2,436,324	406,054				2,842,378
Mobile equipment	7,380	8,940	11,070			5,250
Furniture and equipment	142,622					142,622
Total accumulated depreciation	<u>2,586,326</u>	<u>414,994</u>	<u>11,070</u>	<u>-0-</u>	<u>-0-</u>	<u>2,990,250</u>
Total depreciable capital assets, net	<u>17,898,357</u>	<u>(385,825)</u>	<u>9,430</u>	<u>-0-</u>	<u>-0-</u>	<u>17,503,102</u>
Business-type activities capital assets, net	<u>17,933,357</u>	<u>(385,825)</u>	<u>9,430</u>	<u>-0-</u>	<u>-0-</u>	<u>17,538,102</u>

Adjustments were made to reclassify assets no longer under capital lease obligation.

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(7) Capital Assets (Continued)

Depreciation expense was charged to the following functions:

	Governmental Activities	Business-type Activities
General government	\$ 56,509	\$ -0-
Public safety	134,510	414,994
Public works	954,676	-0-
Health and welfare	23,560	-0-
Culture and recreation	144,580	-0-
Total depreciation expense	<u>\$ 1,313,835</u>	<u>\$ 414,994</u>

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

Governmental Activities: Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
APL-0943(14)B (Kendrick Rd Intersect)	\$ 418,624	Unknown
LSBP-02(23) (County Rd 331)	788,875	Unknown
SAP-02(67) (County Rd 200)	1,085,875	Unknown
SAP-02(68) (County Rd 510)	45,757	Nov-17
STP/BR-0002(32)B (County Rd 750)	<u>Unknown</u>	Unknown
Total Governmental Activities	<u>\$ 2,339,131</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 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, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(9) Other Postemployment Benefits

Plan Description

The Alcorn County Board of Supervisors administers the county's health insurance plan which is authorized by Sections 25-15-101 et seq., Miss. Code Ann. (1972). The county's health insurance plan may be amended by the Alcorn County Board of Supervisors. The county purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the county's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the county has a postemployment health care benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. However, the county has not recorded a liability for other postemployment benefits nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The county does not issue a publicly available financial report for the Plan. The county believes that any liability associated with the Plan would be immaterial to the financial statements.

(10) Capital Leases

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2017:

<u>Classes of Property</u>	<u>Amount</u>
Industrial facilities:	
Buildings	\$ 706,900
Total	\$ 706,900

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2017, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 110,395	12,048
2019	113,753	8,691
2020	117,212	5,231
2021	110,574	1,640
Total	\$ 451,934	27,610

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(10) Capital Leases (Continued)

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 640,991
Furniture and equipment	<u>560,218</u>
Total	1,201,209
Less: Accumulated Depreciation	<u>256,690</u>
Leased Property Under Capital Lease	<u><u>\$ 944,519</u></u>

The following is a schedule by years of the total payments due as of September 30, 2017:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 250,068	19,771
2019	220,935	14,942
2020	196,344	10,343
2021	168,608	6,335
2022	<u>134,813</u>	<u>2,780</u>
Total	<u><u>\$ 970,768</u></u>	<u><u>54,171</u></u>

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(11) Long-term Debt

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Governmental Activities			
General Obligation Bonds:			
General Obligation Refunding Bonds - Series 2016	\$ 8,280,000	3.00-4.00	07/01/2034
Limited Obligation Bonds:			
Taxable Special Obligation Bonds - Series 2015	\$ 6,660,000	4.50-5.75	11/01/2037
Capital Leases:			
IBM Servers	\$ 4,220	1.85	07/05/2018
(2) 2016 Ford F-150 Trucks	31,317	1.86	06/01/2019
(2) 2017 Ford F-150 Trucks	49,220	2.00	04/05/2020
E-911 Equipment	540,500	2.32	05/23/2022
2017 John Deere 6130M Tractor	89,694	2.45	02/21/2022
2012 John Deere 6100 Tractor	5,568	1.77	04/25/2018
2012 Kubota M108 Tractor	45,965	2.33	06/28/2020
John Deere 6125M Tractor & Loader	86,060	2.10	05/04/2022
John Deere 310-SK Backhoe	9,800	1.55	04/23/2018
2017 Mack GU432 Dump Truck	77,302	1.82	05/04/2022
2016 Ford F-150 Truck	24,610	2.00	04/05/2020
2014 John Deere Tractor & Mower	6,512	1.70	05/27/2018
Total Capital Leases	\$ 970,768		
Other Loans:			
Negotiable Promissory Note	\$ 405,000	1.45	12/04/2019
Negotiable Promissory Note	360,000	1.55	10/07/2018
Negotiable Promissory Note	500,000	1.87	03/09/2019
Road Construction & Repair	252,149	1.71	04/20/2018
MDA/Flowers Bakeries	294,719	3.00	08/01/2028
MDA/Avectus	451,934	3.00	08/01/2021
Total Other Loans	\$ 2,263,802		
Business-type Activities			
Limited Obligation Bonds:			
Taxable Special Obligation Refunding Bonds - Series 2017	\$ 9,500,000	1.20-4.00	07/01/2031

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(11) Long-term Debt (Continued)

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$9,500,000 in limited obligation urban renewal revenue refunding bonds issued in February 2017. Proceeds from the bonds provided financing for the construction of the Alcorn County Regional Correction Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 25 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$12,158,820. Principal and interest paid for the current year and total inmate housing net revenues were \$670,285 and \$3,786,216 respectively.

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,	General Obligation Bonds		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 355,000	295,844	190,000	335,775	948,336	45,807
2019	370,000	281,644	200,000	327,000	704,880	27,969
2020	385,000	266,844	210,000	317,775	276,749	14,291
2021	400,000	251,444	215,000	308,213	135,857	7,995
2022	415,000	235,444	230,000	298,200	26,051	5,561
2023-2027	2,345,000	913,618	1,310,000	1,323,100	142,635	15,425
2028-2032	2,770,000	486,706	1,670,000	961,212	29,294	430
2033-2037	1,240,000	63,450	2,145,000	451,162	-0-	-0-
2038	-0-	-0-	490,000	14,088	-0-	-0-
Total	\$ 8,280,000	2,794,994	6,660,000	4,336,525	2,263,802	117,478

Business-type Activities:

Year Ending September 30,	Limited Obligation Bonds	
	Principal	Interest
2018	\$ 570,000	300,767
2019	575,000	291,363
2020	590,000	279,575
2021	600,000	266,005
2022	620,000	250,705
2023-2027	3,380,000	959,992
2028-2031	3,165,000	310,413
Total	\$ 9,500,000	2,658,820

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(11) Long-term Debt (Continued)

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, 2017, the amount of outstanding debt was equal to 6.10% of the latest property assessments.

Current Refundings

On December 15, 2016, the County issued \$8,760,000 in general obligation refunding bonds with an average interest rate of 3.44% to refund \$8,615,000 of the following outstanding bond issue(s):

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
Urban Renewal Revenue Bonds - Series 2009	4.54%	\$ 8,615,000

The County refunded the above bonds to reduce its total debt service payments over the next 17 years by \$1,869,551 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$304,132.

The net proceeds of \$8,449,094 (after payment of \$310,906 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

On February 16, 2017, the County issued \$10,055,000 in limited obligation refunding bonds with an average interest rate of 3.58% to refund \$9,835,000 of the following outstanding bond issue(s):

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
Urban Renewal Revenue Bonds - Series 2009	4.17%	\$ 9,835,000

The County refunded the above bonds to reduce its total debt service payments over the next 14 years by \$855,618 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$285,327.

The net proceeds of \$9,518,379 (after payment of \$536,621 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(11) Long-term Debt (Continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:					
General obligation bonds		8,760,000	480,000	8,280,000	355,000
Unamortized premium		331,935	40,271	291,664	61,536
Unamortized discount		(38,466)	(1,116)	(37,350)	(2,087)
Limited obligation bonds	6,840,000		180,000	6,660,000	190,000
Unamortized premium	134,701		31,873	102,828	26,458
Unamortized discount	(72,369)		(1,968)	(70,401)	(2,081)
Capital leases	358,278	806,242	193,752	970,768	250,068
Other loans	2,547,329	1,256,900	1,540,427	2,263,802	948,336
Totals	\$ 9,807,939	11,116,611	2,463,239	18,461,311	1,827,230
Business-type Activities:					
Limited obligation bonds	\$ 18,450,000	10,055,000	19,005,000	9,500,000	570,000
Unamortized premium	24,412		24,412	-0-	
Unamortized discount	(170,250)	(16,354)	(170,617)	(15,987)	(993)
Other loans	93,401		93,401	-0-	
Totals	\$ 18,397,563	10,038,646	18,952,196	9,484,013	569,007

(12) No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the county's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the county other than possibly an agreement to assist creditors in exercising their rights in the event of default. Alcorn County and the City of Corinth issued this debt on a basis of 55% county and 45% city. Because a default may adversely affect the county's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

	Balance at Sept. 30, 2017	County Share
Hospital revenue refunding bonds 2011A	\$ 75,780,000	\$ 41,679,000

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(13) Defined Benefit Pension Plan

Plan Description. Alcorn County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each 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, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$823,269, \$789,649, and \$748,568, respectively, equal to the required contributions for each year.

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(13) Defined Benefit Pension Plan (Continued)

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

At September 30, 2017, the County reported a liability for its proportionate share of the net pension liability of \$10,505,087 for governmental activities and \$2,996,932 for business-type activities. The net pension liability was measured as of June 30, 2017, 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, 2017, the County's proportion was 0.081223 percent, which was an increase of 0.004729 from its proportion measured as of June 30, 2016.

Internally, the County allocates its proportionate share of the net pension liability to governmental activities and business-type activities. As of September 30, 2017, the internal proportionate share allocated to governmental activities and business-type activities was 77.80% and 22.20%, respectively, a change from the previous year of 77.35% and 22.65%, respectively.

For the year ended September 30, 2017, the County recognized pension expense of \$1,503,409 for governmental activities and \$481,164 for business-type activities.

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 150,924	43,057	193,981
Net difference between projected and actual earnings on pension plan investments	143,104	40,825	183,929
Changes of assumptions	233,488	66,610	300,098
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	376,047	107,280	483,327
Changes in internal proportionate allocation to governmental activities and business-type activities	16,388	70,418	86,806
Contributions subsequent to the measurement date	184,546	21,547	206,093
Total Deferred Outflows of Resources	\$ 1,104,497	349,737	1,454,234
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 76,653	21,867	98,520
Changes of assumptions	17,901	5,107	23,008
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	104,967	29,946	134,913
Changes in internal proportionate allocation to governmental activities and business-type activities	70,418	16,388	86,806
Total Deferred Inflows of Resources	\$ 269,939	73,308	343,247

ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(13) Defined Benefit Pension Plan (Continued)

Deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date and consisting of \$184,546 for governmental activities and \$21,547 for business-type activities will be recognized as a reduction to the net pension liability in the year ended September 30, 2018.

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:	Governmental Activities	Business-type Activities	Total
Deferred Outflows of Resources			
2018	\$ 670,725	236,954	907,679
2019	369,126	126,171	495,297
2020	83,020	22,955	105,975
2021	(202,920)	(57,890)	(260,810)
Total Deferred Outflows of Resources	\$ 919,951	328,190	1,248,141
Deferred Inflows of Resources			
2018	\$ 194,895	48,942	243,837
2019	63,077	18,394	81,471
2020	11,967	5,972	17,939
Total Deferred Inflows of Resources	\$ 269,939	73,308	343,247

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year.

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

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(13) Defined Benefit Pension Plan (Continued)

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, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
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	\$ 17,708,800	13,502,019	10,009,477

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

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(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.

(15) Joint Ventures

The county participates in the following joint venture:

Alcorn County is a participant with the Counties of Prentiss, Tippah and Tishomingo in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate 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 four Boards of Supervisors. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$136,269. Complete financial statements for the Northeast Regional Library can be obtained from Northeast Regional Library, 1023 North Fillmore Street, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by HB #1183, 1972 Session, to operate the Corinth-Alcorn Area Chamber of Commerce, The Alliance. The joint venture was created to foster, encourage and facilitate economic development in the county. The Alcorn County Board of Supervisors appoints four of the 32 members of the board of directors. The county levied taxes of \$280,180 for the operation of the entity during the 2017 fiscal year. Complete financial statements for the Corinth-Alcorn Area Chamber of Commerce can be obtained from The Alliance, 810 Tate Street, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Airport. The joint venture was created to provide an airport for the area and is governed by a five-member board of commissioners appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. Alcorn County provided \$100,000 for the operation of the entity during the 2017 fiscal year. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from Corinth-Alcorn County Airport, 56 CR 613, Corinth, Mississippi 38834.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(15) Joint Ventures (Continued)

Alcorn County is a participant with the City of Corinth in a joint venture to operate the Siege and Battle of Corinth Commission. The joint venture was created to promote tourism and is governed by five commissioners. The Alcorn County Board of Supervisors and the City of Corinth Board of Aldermen each appoint two commissioners, and jointly appoint the fifth commissioner. Complete financial statements for the Siege and Battle of Corinth Commission can be obtained from P.O. Box 45, Corinth, Mississippi 38835-0045.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate Magnolia Hospital. The joint venture was created to provide a community hospital for the area and is governed by a five-member board of trustees; two appointed by the county Board of Supervisors, two appointed by the city and one jointly appointed. Alcorn County provided \$22,479 for the 2017 fiscal year. Complete financial statements for the Magnolia Hospital can be obtained from Magnolia Hospital, 611 Alcorn Drive, Corinth, Mississippi 38834.

Alcorn County is a participant with the City of Corinth in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreational Commission. The joint venture was created to provide recreational opportunities for the area and is governed by a five-member board. Each entity appoints two of the five board members and the fifth is jointly appointed. Alcorn County provided \$334,453 for the 2017 fiscal year. Complete financial statements for the Corinth-Alcorn Recreation Commission can be obtained from Corinth-Alcorn Recreation Commission, P.O. Box 699, Corinth, Mississippi 38835.

Alcorn County is a participant with the City of Corinth in a joint venture, established by local and private legislation (Senate Bill 3219), 1997 Session, to operate the Corinth Area Tourism Promotion Council. The joint venture was created to promote tourism and is governed by a seven-member board of directors. Each entity appoints one board member, the Corinth Area Restaurant Association appoints three board members and the Corinth Area Hotel-Motel-Inn-Bed and Breakfast Association appoints two board members. The joint venture is funded by a 2 percent sales tax on motel and food and beverage sales within the City of Corinth. Complete financial statements for the Corinth Area Tourism Promotion Council can be obtained from the Corinth Area Tourism Promotion Council, P.O. Box 69, Corinth, Mississippi 38835.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(16) Jointly Governed Organizations

The county participates in the following jointly governed organizations:

The Region IV Mental Health Services District operates in a district composed of the Counties of Alcorn, DeSoto, Prentiss, Tippah and Tishomingo. The Alcorn County Board of Supervisors appoints one of the five members of the board of commissioners. The county appropriated \$50,088 for the maintenance and support of the commission in the fiscal year 2017.

Northeast Mississippi Planning and Development District operates in a district composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Alcorn County Board of Supervisors appoints four of the 24 members of the board of directors. The county appropriated \$120,977, including tuition assistance of \$102,483, for support of the district in fiscal year 2017.

The Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo and Union. The Alcorn County Board of Supervisors appoints two of the 15 members of the college board of trustees. The county levied \$1,009,543 in taxes for maintenance and support of the college in fiscal year 2017.

TAP Alliance (TAP) is an alliance among Tishomingo, Alcorn and Prentiss Counties and the City of Corinth, City of Booneville and City of Iuka. The county appoints two of the nine members of the board of directors, which is to be appointed by and from that county's Board of Supervisors. The county appropriated \$2,500 for the support of the alliance in fiscal year 2017.

(17) Deficit Fund Balance

The following funds reported deficits in fund balances at September 30, 2017.

Governmental Funds:

Youth Court Grant Fund	\$	1,565
CAP Loan Final Touch		104,661
Avectus Grant Fund		17,788
Reappraisal Fund		98,502
Emergency 911 Fund		701,735
Garbage and Solid Waste Fund		1,397,474
	\$	<u>2,321,725</u>

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(18) Tax Abatements

There are currently a number of agencies with economic development directives and targeted industries in Alcorn County, Mississippi. These efforts to bring businesses and industries into Alcorn County afford the County the opportunity to develop these partnerships that help raise the prominence of the region and attract prospective projects. Due to the pro-business attitude and wise infrastructure planning of the local elected officials as well as the ability to offer various incentives to entice businesses and industries to locate in Alcorn County, the County operates strongly with a well diverse base of manufacturers and distributors.

Facts and Assumptions

Alcorn County provides tax incentives and abatements under four programs: Property tax reductions not to exceed ten years for new enterprises, property tax reductions not to exceed ten years for additions to or expansions of facilities or properties, fee in lieu of personal and real property taxes and tax increment financing. Various Mississippi Code sections allow the County to offer the before mentioned incentives. In order to qualify for any incentive there is an application process, presentation to the Board of Supervisors and ultimately a recommendation by the Board of Supervisors to grant the incentive.

- Mississippi Code Section 27-31-101, allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than ten years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.
- Mississippi Code Section 27-31-105, allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation with the exception of school district taxes and not to exceed a period longer than ten years. The initial request for exemption must be made in writing by June 1st of the year immediately following the year in which the additions, expansions or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions or replacements and shall extend for a period not to exceed ten years, however the Board of Supervisors in lieu of granting the exemption for one period of ten years, may grant the exemption in consecutive periods of five years each, not to exceed ten years.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(18) Tax Abatements (Continued)

- Mississippi Code Section 27-31-104, allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.
- Mississippi Code Section 27-31-51 allows County Board of Supervisors, at their discretion, to grant eligible warehouses a license to operate as a free port warehouse. A free port warehouse is regularly engaged in the handling and storage of personal property pending transit to a final destination outside the State of Mississippi. This exemption may be granted for all local property taxes and may be granted for any period of time set by the Board of Supervisors.

<u>Tax Abatement Programs</u>	<u>Industries</u>	<u>Reported Capital Investment</u>	<u>Amount of taxes abated during the fiscal year</u>
Personal / Real Tax Exemptions	42 Total Industries	\$ 316,787,006	\$ 1,846,469
Free-port Warehouse	Kimberly Clark Inc.	\$ 31,372,198 *	\$ 546,865 *

* - Estimated amounts based on monthly average of inventory

These incentives have served many purposes, including but not limited to: the amount of dollars through infrastructure improvements, the overall number of new businesses and industries that have located or relocated to Alcorn County, the number of jobs that have been and continue to be created in Alcorn County, and most importantly an excellent quality of life for all citizens throughout the County while maintaining a low tax bill without a significant tax increase.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(19) Effect of Deferred Amounts on Net Position

Governmental Activities

The governmental activities' unrestricted net position amount of (\$10,033,430) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$184,546 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, 2018. The \$919,951 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$269,939 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of (\$10,033,430) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$27,610 balance of deferred inflows of resources at September 30, 2017, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

Business-type Activities

The business-type activities' unrestricted net position amount of (\$2,227,364) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$21,547 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, 2018. The \$328,190 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$73,308 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 3 years.

The business-type activities' unrestricted net position amount of (\$2,227,364) includes the effect of deferring the recognition of expenditures resulting from a refunding of County debt. The \$1,571,037 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the unrestricted net position over the next 14 years.

**ALCORN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(20) 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 Alcorn County evaluated the activity of the County through September 16, 2019, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

Subsequent to September 30, 2017, the County issued the following significant debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/05/17	2.05%	600,000	Other Loan	Ad valorem taxes
05/08/18	2.65%	500,000	Other Loan	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

Alcorn County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,810,624	5,836,092	5,836,092	-0-
Licenses, commissions and other revenue	346,199	358,690	358,690	-0-
Fines and forfeitures	429,000	357,477	357,477	-0-
Intergovernmental revenues	895,180	1,210,036	1,369,824	159,788
Charges for services	287,370	252,646	252,646	-0-
Interest income	13,500	12,542	12,542	-0-
Miscellaneous revenues	205,000	226,860	135,892	(90,968)
Total Revenues	<u>7,986,873</u>	<u>8,254,343</u>	<u>8,323,163</u>	<u>68,820</u>
EXPENDITURES				
Current:				
General government	4,138,811	3,790,678	3,801,890	(11,212)
Public safety	2,543,993	1,777,325	1,750,076	27,249
Public works	100,000	100,000	100,000	-0-
Health and welfare	478,658	457,068	617,132	(160,064)
Culture and recreation	213,326	149,341	149,341	-0-
Conservation of natural resources	147,485	133,686	133,686	-0-
Economic Development	33,200	33,194	33,194	-0-
Debt service:				
Principal		316,349	947,259	(630,910)
Interest		16,550	24,665	(8,115)
Bond issue costs			310,906	(310,906)
Total Expenditures	<u>7,655,473</u>	<u>6,774,191</u>	<u>7,868,149</u>	<u>(1,093,958)</u>
Excess of Revenues over (under) Expenditures	<u>331,400</u>	<u>1,480,152</u>	<u>455,014</u>	<u>(1,025,138)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		54,434	56,920	2,486
Long-term non-capital debt issued			600,000	600,000
Refunding bonds issued			9,053,469	9,053,469
Transfers in		215,523		(215,523)
Transfers out		(466,564)	(8,993,604)	(8,527,040)
Total Other Financing Sources and Uses	<u>-0-</u>	<u>(196,607)</u>	<u>716,785</u>	<u>913,392</u>
Net Change in Fund Balance	<u>331,400</u>	<u>1,283,545</u>	<u>1,171,799</u>	<u>(111,746)</u>
Fund Balances - Beginning	<u>(378,515)</u>	<u>4,393,250</u>	<u>4,758,658</u>	<u>365,408</u>
Fund Balances - Ending	<u>\$ (47,115)</u>	<u>5,676,795</u>	<u>5,930,457</u>	<u>253,662</u>

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

Alcorn County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Garbage and Solid Waste Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes	\$ 600,000	599,822	599,822	-0-
Intergovernmental revenues	<u>23,440</u>	<u>23,440</u>	<u>23,440</u>	<u>-0-</u>
Total Revenues	<u>623,440</u>	<u>623,262</u>	<u>623,262</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public works	<u>623,440</u>	<u>742,280</u>	<u>742,280</u>	<u>-0-</u>
Total Expenditures	<u>623,440</u>	<u>742,280</u>	<u>742,280</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>-0-</u>	<u>(119,018)</u>	<u>(119,018)</u>	<u>-0-</u>
Net Change in Fund Balance	<u>-0-</u>	<u>(119,018)</u>	<u>(119,018)</u>	<u>-0-</u>
Fund Balances - Beginning	<u>1,283,474</u>	<u>1,283,474</u>	<u>1,283,474</u>	<u>-0-</u>
Fund Balances - Ending	\$ <u>1,283,474</u>	<u>1,164,456</u>	<u>1,164,456</u>	<u>-0-</u>

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

Alcorn County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Regional Park Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Intergovernmental revenues	\$ 526,040	526,040	179,999	(346,041)
Interest income		-0-	344,292	344,292
Total Revenues	<u>526,040</u>	<u>526,040</u>	<u>524,291</u>	<u>(1,749)</u>
EXPENDITURES				
Current:				
Culture and recreation		-0-	224,758	(224,758)
Debt service:				
Principal	180,000	180,000	180,000	-0-
Interest	346,040	346,040	346,040	-0-
Total Expenditures	<u>526,040</u>	<u>526,040</u>	<u>750,798</u>	<u>(224,758)</u>
Excess of Revenues over (under) Expenditures	<u>-0-</u>	<u>-0-</u>	<u>(226,507)</u>	<u>(226,507)</u>
Net Change in Fund Balance	<u>-0-</u>	<u>-0-</u>	<u>(226,507)</u>	<u>(226,507)</u>
Fund Balances - Beginning	<u>-0-</u>	<u>-0-</u>	<u>230,110</u>	<u>230,110</u>
Fund Balances - Ending	<u>\$ -0-</u>	<u>-0-</u>	<u>3,603</u>	<u>3,603</u>

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

**ALCORN COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.081223%	0.076494%	0.076644%
County's proportionate share of the net pension liability	\$ 13,502,019	13,663,738	11,847,651
County's covered payroll	\$ 5,210,470	4,893,480	4,788,273
County's proportionate share of the net pension liability as a percentage of its covered payroll	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

* The amount presented for each fiscal year was determined as of the measurement date of 6/30 of the year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

ALCORN COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 823,269	789,649	748,568
Contributions in relation to the contractually required contribution	(823,269)	(789,649)	(748,568)
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>
 County's covered payroll	 5,227,105	 5,013,627	 4,752,786
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

ALCORN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

UNAUDITED

Budgetary Comparison Schedules

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

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

	Governmental Fund Types		
	General Fund	Garbage and Solid Waste Fund	Regional Park Fund
Budget (Cash Basis)	\$ 1,171,799	\$ (119,018)	\$ (226,507)
Increase (Decrease)			
Net adjustments for revenue accruals	(17,483)	1,562	46,507
Net adjustments for expenditure accruals	(568,936)	3,456	-0-
GAAP Basis	\$ 585,380	\$ (114,000)	\$ (180,000)

ALCORN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

UNAUDITED

Pension Schedules

A. Changes of Assumptions

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

ALCORN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

UNAUDITED

B. Changes in benefit provisions

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2017 Employer contributions are developed from 2015 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER INFORMATION

Alcorn County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Insurance Company	Bond
Lowell Hinton	Supervisors	Travelers Casualty & Surety Co.	\$ 100,000
James Voyles	Supervisors	Travelers Casualty & Surety Co.	100,000
Tim Mitchell	Supervisors	Travelers Casualty & Surety Co.	100,000
Stephen Glidewell	Supervisors	Travelers Casualty & Surety Co.	100,000
Jimmy Waldon	Supervisors	RLI Insurance Company	100,000
Greg Younger	Chancery Clerk	RLI Insurance Company	100,000
Greg Younger	Purchase Clerk	Travelers Casualty & Surety Co.	75,000
Jill Goodwin	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	50,000
Carolyn James	Receiving Clerk	FCCI Insurance Group	75,000
Eddie Clark	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Shelly Hopkins	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Keven Moss	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Anecia Miles	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Anthony Hutcheson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Laura Lawson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Tracy Bullard	Assistant Receiving Clerk	FCCI Insurance Group	50,000
Jerry Gifford	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Willie Justice	Inventory Control Clerk	Travelers Casualty & Surety Co.	75,000
Lisa Ligon	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Larry Settlemires	Assistant Receiving Clerk	FCCI Insurance Group	50,000
John C Butler	Constable	Travelers Casualty & Surety Co.	50,000
Harry Duncan	Constable	Travelers Casualty & Surety Co.	50,000
Joe Caldwell	Circuit Clerk	RLI Insurance Company	100,000
Ben Caldwell	Sheriff	Travelers Casualty & Surety Co.	100,000
Adam Rencher	Investigator	Travelers Casualty & Surety Co.	50,000
Steven Little	Justice Court Judge	RLI Insurance Company	50,000
Jimmy McGee	Justice Court Judge	Travelers Casualty & Surety Co.	50,000
Jone Dixon	Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Carol Derrick	Deputy Justice Court Clerk	FCCI Insurance Group	50,000
Donna Taylor	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Cindy Davis	Deputy Justice Court Clerk	FCCI Insurance Group	50,000
Larry Ross	Tax Collector	RLI Insurance Company	100,000
Kenneth Brawner	Tax Assessor	RLI Insurance Company	50,000
Crystal Starling	Deputy Circuit Clerk	RLI Insurance Company	100,000
Heather Boyer	Deputy Circuit Clerk	RLI Insurance Company	100,000
Sherra Green	Deputy Circuit Clerk	RLI Insurance Company	100,000
Kalee Smith	Deputy Circuit Clerk	RLI Insurance Company	100,000
Leigh Stevens	Deputy Tax Collector	Western Surety	50,000
Jennifer Edwards	Deputy Tax Collector	Western Surety	50,000
Melissa Gaines	Deputy Tax Collector	Western Surety	50,000
Caroline Lancaster	Deputy Tax Collector	Western Surety	50,000
Tammy Mask	Deputy Tax Collector	Western Surety	50,000
Heather Crabb	Deputy Tax Collector	Western Surety	50,000

SPECIAL REPORTS

J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Alcorn County, Mississippi

We have audited, 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 the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alcorn County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 16, 2019. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The report is qualified on the governmental activities and business-type activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, and 2017-007 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alcorn 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*.

Alcorn County's Responses to Findings

Alcorn County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Alcorn County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion of them.

Purpose of the Report

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi
September 16, 2019

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

Members of the Board of Supervisors
Alcorn County, Mississippi

We have examined Alcorn 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, 2017. The Board of Supervisors of Alcorn 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 Alcorn County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response is disclosed below:

Inventory Control Clerk.

1. Criteria:

Repeat Finding – Yes (2016-1)

Section 31-7-107, Mississippi Code Annotated (1972), requires the establishment and maintenance of an inventory control system.

Condition:

The County failed to account for and capitalize multiple state-aid road and bridge project additions.

Cause:

The County has ineffective controls over recordkeeping for state-aid road and bridge infrastructure projects.

Effect:

The County's inventory of infrastructure assets was incomplete. Audit adjustments were necessary to correct the balance of the County's capital asset records. Adjustments to correct these errors were proposed and made to the financial statements with management's approval. Failure to maintain accurate inventory control records could result in violation of state purchasing statutes or the misappropriation of public funds.

Recommendation:

The Inventory Control Clerk should implement procedures to ensure that all state aid road and bridge projects which meet the capitalization criteria are included in capital asset records.

Views of Responsible Official:

The Inventory Control Department has developed a plan to make sure that all infrastructure improvements are capitalized as required and has set the plan in motion.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Alcorn County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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.

Alcorn County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating Alcorn 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.

A handwritten signature in cursive script that reads "J. E. Vance & Company". The signature is written in dark ink and is positioned above the printed name and date.

Tupelo, Mississippi
September 16, 2019

Alcorn County
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2017

Schedule 1

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

**Alcorn County
Schedule of Emergency Purchases
For the Year Ended September 30, 2017**

Schedule 2

Our test results did not identify any emergency purchases.

Alcorn County
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2017

Schedule 3

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

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Limited Internal Control and Compliance Review Management Report

Members of the Board of Supervisors
Alcorn County, Mississippi

In planning and performing our audit of the financial statements of Alcorn County, Mississippi for the year ended September 30, 2017, we considered Alcorn 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 Alcorn 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 September 16, 2019, on the financial statements of Alcorn 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 and other matters that are opportunities for strengthening internal controls and operating efficiency.

Our finding and recommendation and your response is disclosed below:

Board of Supervisors.

1. Criteria

Repeat Finding – Yes (2016-1)

Section 19-13-43 Mississippi Code Annotated (1972) prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition

Six funds had deficit fund balances at year end (see Note 17).

Cause

Expenditures were authorized to be made from funds with insufficient cash balances.

Effect

Having an insufficient balance in the respective funds is a violation of the statute listed above.

Recommendation – All funds should be examined on a regular basis to see if sufficient funds are available before incurring costs. Transfers should be made to funds to keep from having deficit fund balances.

Official Response – We will monitor the funds more closely to insure when budgets are required to be amended, that amendments are made in the correct amount and avoid deficit fund balances.

Alcorn County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi
September 16, 2019

SCHEDULE OF FINDINGS AND RESPONSES

**ALCORN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section 1: Summary of Auditor's Results

Financial Statements

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

Governmental Activities	Qualified
Business-type Activities	Qualified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Garbage and Solid Waste Fund	Unmodified
Regional Park Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes
 - b. Significant deficiency(ies) identified? None Reported
3. Noncompliance material to the financial statements? No

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2017-001 Finding - Financial data for Crossroads Park Project not included in the general ledger.

Repeat Finding – Yes (2016-001)

Criteria:

Internal controls over financial reporting requires all financial data be included in the financial records.

Condition:

The financial data for the Crossroads Park Project was not properly recorded in the financial records.

Cause:

Unknown.

Effect:

Failure to properly include financial data could result in the financial statements of the County to be misleading.

Recommendation:

We recommend that all financial data be properly recorded in the County's financial records.

Response:

This project was substantially complete at the conclusion of the 2017 fiscal year. We will take steps to ensure that this does not occur again in the future.

Material Weakness

2017-002 Finding - The County should implement controls to ensure preparation of its financial statements.

Repeat Finding – Yes (2016-002)

Criteria:

A critical aspect of effective financial management is the preparation of accurate financial statements.

Condition:

The County's accounting records are maintained on a cash basis and the auditors assisted in the preparation of accrual entries and the financial statements. However, the County has made all management decisions including approving the accrual entries, designating an individual with a basic understanding of the financial statements and related note disclosures to oversee the financial statement preparation, evaluating the adequacy and results of the services performed, and accepting responsibility for the results of the services.

Cause:

The Board of Supervisors did not assign the preparation of the financial statements to the accounting personnel.

Effect:

The Board of Supervisors chose not to prepare the financial statements and related notes.

Recommendation:

The Board of Supervisors should establish adequate controls and procedures to ensure that the financial statements and note disclosures are prepared in accordance with generally accepted accounting principles.

Response

Like many small to medium sized counties, Alcorn County must rely heavily for assistance on our contract auditors. We will continue our efforts to achieve a goal of excellence in our accounting procedures, with the ultimate goal of preparing our own financial statements.

Material Weakness

2017-003 Finding - Financial data for component units not included in the financial statements.

Repeat Finding – Yes (2016-003)

Criteria:

Accounting principles generally accepted in the United States of America require the financial data for the County's component units to be included in the financial data of the County unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. The County has not issued such reporting entity financial statements.

Condition:

The financial statements of the County do not include the financial data of the County's legally separate component units.

Cause:

The County chose not to include the financial statements of its component units.

Effect:

The failure to include the financial statements of the component units could result in the financial statements of the County to be misleading.

Recommendation:

In order for the County to comply with accounting principles generally accepted in the United States of America, the County should include the County's component units.

Response:

Alcorn County Human Resources Agency issues a separate audited financial statement. The County did not choose to include the component units in the County financial statements. The Board does not believe the financial statements are misleading without the component units included.

Material Weakness

2017-004 Finding – The County should implement controls to ensure that infrastructure improvements are capitalized.

Repeat Finding – Yes (2016-004)

Criteria:

An effective system of internal controls should include adequate subsidiary records documenting amounts to be capitalized for state aid road and bridge projects.

Condition:

The County failed to capitalize multiple state-aid road and bridge project additions. As a result, audit adjustments were necessary to correct the balance of the County's capital asset records. Adjustments to correct these errors were proposed and made to the financial statements with management's approval.

Cause:

The lack of adequate controls over state aid road and bridge projects in the inventory control system.

Effect:

The failure to implement a proper inventory control system over state aid road and bridge projects resulted in the reporting of inaccurate amounts on the capital asset reports which increases the possibility of the loss or misappropriation of assets.

Recommendation:

The Inventory Control Clerk should implement procedures to ensure that all state aid road and bridge projects which meet the capitalization criteria are included in capital asset records.

Response:

The Inventory Control Department has developed a plan to make sure that all infrastructure improvements are capitalized as required and has set the plan in motion.

Material Weakness

2017-005 Finding -The County failed to pay the Alcorn County Regional Jail for housing the County inmates.

Repeat Finding – Yes (2016-005)

Criteria:

Alcorn County is required to pay the Alcorn County Regional Jail monthly for the housing of county inmates.

Condition:

Alcorn County did not pay to the Alcorn County Regional Jail the amount billed for housing the County inmates in the amount of \$2,885,105 thru September 30, 2017.

Cause:

The County has not been making these payments due to serious cash flow problems in recent years, which continue at this time.

Effect:

Failure to properly pay for the housing of inmates could result in a lack of funds to cover the cost of operations.

Recommendation:

We recommend that Alcorn County make the monthly payments for the housing of inmates and pay the past due amounts as soon as possible.

Response:

We have begun making these payments during the 2018 fiscal year and plan to continue doing so.

Material Weakness

2017-006 Finding - Controls surrounding cash maintenance should be strengthened.

Repeat Finding – Yes (2016-006)

Criteria:

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Warrants were issued on funds which did not have sufficient money to pay the warrants.

Condition:

The Garbage and Solid Waste Fund, Final Touch Cap Loan Fund, Emergency-911 Fund, Reappraisal Fund, Youth Court Grant Fund, and the Alcorn County Regional Correctional Faculty Fund had deficit cash balances for the period ended September 30, 2017. This causes money from other funds to be used to pay the warrants. Expenditures have exceeded revenues collected.

Cause

Warrants were issued on funds which did not have sufficient money to pay the warrants.

Effect

Having an insufficient balance in the respective funds is a violation of the statute listed above and could result in misappropriation of public funds.

Recommendation:

The Board of Supervisors should ensure that no warrants are written on funds when cash is not available to pay the same.

Response:

The County has made progress in correcting this issue and will continue to do so moving forward.

Material Weakness

2017-007 Finding - Liability for postemployment benefits not recorded and note disclosures for postemployment benefits not reported.

Repeat Finding – Yes (2016-007)

Criteria:

GASB Statement 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits.

Condition:

The County has not recorded a liability for other postemployment benefits nor reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

Cause

The County did not have an annual actuarial valuation of other postemployment benefits.

Effect

The failure to include the accrual of the other postemployment benefits liability could result in the financial statements of the County to be misleading.

Recommendation:

The Board of Supervisors should have an actuarial valuation performed annually so that the liability for the other postemployment benefits can be recorded and appropriate note disclosures can be made.

Response:

The Board believes the liability associated with the Plan would be immaterial to the financial statements.