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# **Coahoma County**

Financial Statements

September 30, 2017

**Ellis & Hirsberg**

Certified Public Accountants, PLLC

Clarksdale, MS 38614







COAHOMA COUNTY

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COAHOMA COUNTY

FINANCIAL SECTION

COAHOMA COUNTY

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## INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors  
Coahoma 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 Coahoma 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 County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Economic Development Authority of Coahoma County, a blended component unit, which is presented as a major fund and represents 2 percent, .5 percent and 1 percent respectively of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us and our opinion insofar as it relates to the amounts included for the Economic Development Authority of Coahoma County is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma 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, corresponding notes and the Schedule of the County's Proportionate Share of the Net Pension Liability PERS, and the Schedule of County 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.

### *Supplementary and Other Information*

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

The accompanying Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the accompanying Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of Coahoma County, Mississippi's internal control over financial reporting and on our test 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 Coahoma County, Mississippi's internal control over financial reporting and compliance.

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 28, 2018

## COAHOMA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COUNTY

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COAHOMA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

**INTRODUCTION**

The discussion and analysis of Coahoma County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2017. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

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

Coahoma County is located in northwestern Mississippi along the Mississippi River. The population is estimated at 23,154. The local economic base is driven mainly by agriculture.

**FINANCIAL HIGHLIGHTS**

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

Coahoma County continues to grow economically yet is decreasing in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate was 97.01 mills for the 2016-2017 tax year. The County wide levy was 47.26 mills, the school district levy was 40.75 mills and the levy district, waste disposal, fire protection and levee district levies totaled 9 mills.

Total net position decreased \$1,503,125. The net position decrease is comprised of a change in net position of (\$430,468) loss for the year and prior period adjustments of (\$1,072,657). The September 30, 2016 fiscal year net position increased \$302,734. The prior year net position increase was comprised of a net change in net position of (\$337,103) and prior period adjustments of \$639,837. The ending net position at September 30, 2017 was \$98,992,545 as compared to \$100,495,670 in the prior year.

The County had \$21,196,000 in total revenues for 2017. Tax revenues account for \$7,676,444 or 36% of total revenues. State revenues in the form of reimbursements, shared revenue, or grants, account for \$2,816,775 or 13% of total revenues. Revenues for the previous year totaled \$18,439,947. Tax revenues accounted for \$7,573,012 or 41% of total revenues for 2016.

The County had \$21,626,468 in total expenses for 2017. Expenses in the amount of \$7,528,820 were offset by charges for services, grants, or outside contributions. General revenues of \$13,667,180 were not adequate to provide for the remainder of the expenses. Expenses for the previous year totaled \$18,777,050. Expenses in the amount of \$4,773,812 were offset by charges for services, grants, or outside contributions. General revenues of \$13,666,135 were not adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$8,759,005 in revenues and \$21,799,573 in expenditures. Other financing sources provided \$12,603,982 resulting in a fund balance decrease of \$436,586 under the prior year. In the previous year, the General Fund had \$9,131,652 in revenues and \$9,169,776 in expenditures.

The Airport Improvement Project Fund had \$2,262,984 in revenues and \$2,374,208 in expenditures. The fund balance decrease was \$111,224 for the current year. The fund was not presented as a major fund in the prior year.

The Road Fund had \$1,587,524 in revenues and had \$2,285,670 in total expenditures for 2017. Other financing sources provided \$60,000 resulting in a fund balance decrease of \$638,146 under the prior year. In the previous year the Road Fund had \$1,624,904 in revenues and \$2,330,647 in expenditures resulting in a \$705,743 decrease in fund balance for 2016.

The Economic Development Authority Fund had \$814,445 in revenues and had \$1,027,711 in total expenditures. Other financing sources provided an additional \$35,370 from capital lease principal receipts. The decrease in the fund balance totaled \$177,896 during the year. In the previous year, the Economic Development Authority Fund had \$900,540 in revenues and \$1,181,998 in expenditures. Other financing sources provided an additional \$17,289 resulting in a decrease in fund balance of \$264,169 for the year.

The Economic Development Authority (the Authority) is a blended component unit of the County. As such, the operations of the Authority are combined into the County's financial statements. The operating results of the Authority were \$235,281 in revenues and \$484,406 in expenses. Other financing sources provided an additional \$181,893 from capital lease principal payments. The overall decrease in fund balance was \$67,232. In the previous year, the Authority reported \$293,673 in total revenues and \$459,350 in expenditures. Other financing sources provided an additional \$182,098 from capital lease principal payments resulting in an increase of fund balance of \$16,421.

The Hospital Reserve Fund had \$1,648,799 in revenues and \$36,828 in expenditures. Other financing uses consisted of operating transfers out of \$300,221. The Hospital Reserve Fund had a net increase in fund balance of \$1,311,750. In the previous year, the Hospital Reserve Fund had \$1,614,414 in total revenues and operating transfers out of \$321,930 resulting in an increase in the fund balance of \$1,292,484.

Capital assets, net of accumulated depreciation, increased by \$13,102,546 in the governmental activities and decreased by \$204,524 in the business-type activities. The governmental activities balances increased significantly due to a new capital lease for the purchase of a jail, firehouse and related facilities. This accounted for \$12,490,000 of the increase. The remainder of the increase was due construction projects at Moon Lake. The decrease in the business-type activities results from depreciation in excess of capital acquisitions for the year. Capital assets in the prior year decreased by \$541,639 in the governmental activities primarily due to depreciation and increased by \$385,958 in the business-type activities.

Long-term debt increased by \$12,512,235 in the governmental activities. The increase results from inception of capital lease of \$12,490,000 and an increase in compensated absences of \$22,235. In the business-type activities, long-term debt decreased by \$67,727. In the previous year, long-term debt decreased by \$320,676 in the governmental activities and \$67,581 in the business-type activities.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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

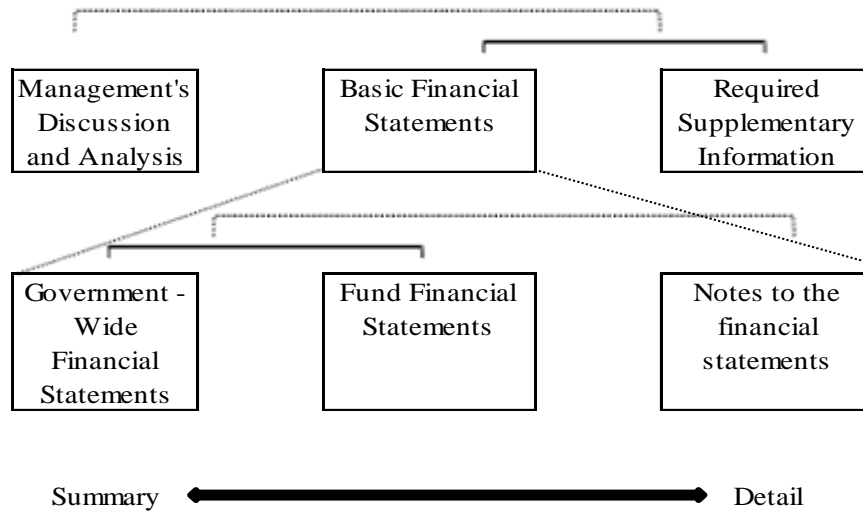


Figure 1 shows how required parts of this annual report are arranged and related to one another.

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

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

	Government-Wide Financial	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or Fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	a. Statement of net position b. Statement of activities	a. Balance sheet b. Statement of revenues, expenditures and changes in fund balances	a. Statement of net position b. Statement of revenues, expenses and changes in net position c. Statement of cash flows	a. Statement of fiduciary net position b. Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, deferred inflows both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assts included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short and long term	All assets, deferred outflows, liabilities and deferred inflows both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

The **statement of activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing

of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development and assistance; interest and other expenses on long-term debt; and pension expense. The business-type activities of the County include rental of office space at the Federal Building and rents received from railroad operations.

The Government-wide Financial Statements can be found on pages 18, 19, 20 and 21 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 24 and 28, respectively.

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

The basic governmental funds financial statements can be found on pages 22 through 29 of this report.

**Proprietary funds** are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Federal Building and a Railroad operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance and central maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Federal Building Fund and Railroad Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements can be found on pages 30 through 33 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 34 of this report.

## **Reconciliation of Government-wide and Fund Financial Statements**

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Bonds and note proceeds result in liabilities on government-wide financial statements but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements but are reported as expenditures on the governmental funds financial statements.

**Notes to the financial statements** provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 35 through 62 of this report.

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 63 through 69 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position** - Net position may serve over time as a useful indicator of government's financial position. In the case of Coahoma County, assets exceeded liabilities by \$ 98,992,545 as of September 30, 2017.

By far, the largest portion of the County's net position (72%) reflects its net investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal years ended September 30, 2017 and 2016.

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Current assets	19,743,434	18,358,835	474,759	583,386
Restricted assets	30,182,887	32,433,023		
Capital assets, net	77,309,169	64,206,623	6,479,788	6,684,312
Total assets	127,235,490	114,998,481	6,954,547	7,267,698
Deferred outflows of resources	1,906,418	3,023,763	10,815	17,065
Current liabilities	1,555,824	1,448,087	12,242	520,092
Long-term debt outstanding	12,783,830	271,595	45,171	112,898
Net pension liability	13,025,341	14,186,130	73,893	81,898
Total liabilities	27,364,995	15,905,812	131,306	714,888
Deferred inflows of resources	9,610,476	8,189,327	7,948	1,310
Net position:				
Net investment in capital assets	64,819,169	64,206,623	6,434,617	6,571,414
Restricted	49,758,081	50,498,968	555,412	190,148
Unrestricted	(22,410,813)	(20,778,486)	(163,921)	(192,997)
Total net position	92,166,437	93,927,105	6,826,108	6,568,565

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

- Net capital assets increased in the governmental funds by \$13,102,546 due to the inception of a capital lease for the purchase of a jail, firehouse and related facilities in the amount of \$12,490,000 and the remainder due mainly to construction projects around Moon Lake.
- Long-term debt increased in the governmental funds by \$12,512,235 due to inception of the capital lease of \$12,490,000 and due to an increase in compensated absences of \$22,235.

**Changes in Net Position** - Coahoma County's total revenues for the fiscal year ended September 30, 2017 were \$21,196,000. The total cost for all services provided were \$21,626,468. The change in net position was a decrease of \$430,468 excluding the prior period adjustment. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2017 and 2016.

	2017 Amount	2016 Amount
Revenues:		
Program revenues		
Charges for services	1,896,599	1,928,370
Operating grants and contributions	465,348	1,518,626
Capital grants and contributions	5,166,873	1,326,816
General revenues		
Property taxes	7,676,444	7,573,012
Grants and contributions not restricted to specific programs	2,816,775	3,076,006
Unrestricted investment income	386,529	329,182
Other	2,787,432	2,687,935
Total Revenues	<u>21,196,000</u>	<u>18,439,947</u>
Expenses:		
General government	3,856,237	3,899,808
Public safety	5,102,828	4,344,582
Public works	6,737,848	4,297,790
Health and welfare	1,050,979	1,048,059
Economic development	1,555,431	1,868,763
Pension expense	1,845,314	2,041,588
Other expenses	1,477,831	1,276,460
Total Expenses	<u>21,626,468</u>	<u>18,777,050</u>
Increase (Decrease) in Net Position	<u>(430,468)</u>	<u>(337,103)</u>

**Governmental Activities** - The following table presents the cost of ten major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, interest and other expenses on long-term liabilities, and pension expense.

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

	2017 Total Costs	2016 Total Costs	2017 Net Costs	2016 Net Costs
General government	3,856,237	3,899,808	2,758,320	3,006,367
Public safety	5,102,828	4,344,582	4,136,884	3,448,036
Public works	6,737,848	4,297,790	3,984,945	3,388,731
Health and welfare	1,050,979	1,048,059	948,266	905,454
Economic development and assistance	1,555,431	1,868,763	1,100,928	1,184,831
Culture and recreation	491,511	358,980	(663,422)	220,972
Education	10,000	-	10,000	
Pension expense	1,845,314	2,041,588	1,845,314	2,041,588
Conservation of natural resources	29,279	78,706	18,981	78,706
Interest and other expenses on long-term liabilities	353,279	261,356	353,279	261,356

## ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

**Governmental funds** - At the close of the fiscal year, Coahoma County's governmental funds reported a combined fund balance of \$37,413,526, a 2.98% decrease of \$1,149,612.

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$436,586. In the previous year the General Fund reported an increase of \$156,598 in its fund balance.

The Airport Improvement Project Fund reported a decrease in fund balance of \$111,224. The fund accounts for activities associated with a grant project to improve the runway at the airport.

The Road Fund reported a decrease in net fund balance for the year of \$638,146. The fund accounts for activities associated with road maintenance financed in part by tax assessments and state source revenue.

The Economic Development Authority Fund reported a decrease in fund balance of \$177,896 for the year. The fund accumulates activities associated with industrial development within the County.

The Economic Development Authority Blended Component Unit (CU) reported a decrease in its fund balance of \$67,232.

The Hospital Reserve Fund reported a net increase in fund balance of \$1,311,750 for the year.

**Business-type funds** - Both enterprise funds are supported by rent. The Federal Building rents office space to various outside agencies. The Railroad Fund leases railroad tracks to an operator who pays a base rent of \$12,000 per month. An additional rent of \$10 per rail car is charged for any rail car that exits the railroad at Swan Lake. These lease terms represent a revision in the lease which occurred on October 1, 2016.

## ***BUDGETARY HIGHLIGHTS OF MAJOR FUNDS***

Over the course of the year Coahoma County revised its annual operating budget. Significant amendments are explained as follows:

The General fund was decreased \$607,767 primarily because the expenditures in the road and bridge capital projects fund were less than expected.

The Airport Improvement Project budget was adopted after the original budget to account for expenditures under a grant to improve the runway at the airport.

The Road fund budget was increased \$569,245 to cover equipment acquisitions during the year.

The Economic Development Authority fund budget decreased \$55,428.

The Hospital Reserve fund budget did not experience any significant budget revisions.

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

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets** - As of September 30, 2017, Coahoma County's total capital assets were \$176,257,506. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$14,468,087. Of the increase, \$12,490,000 is related to a capital lease and \$1,678,019 is related to construction in progress.

Total accumulated depreciation as of September 30, 2017 was \$92,468,549, including \$2,161,279 of depreciation expense for the year. The balance in total net capital assets was \$83,788,957 at year-end.

Additional information on Coahoma County's capital assets can be found in Note 7 on page 48 of this report.

**Debt Administration** - At September 30, 2017, Coahoma County had \$12,829,001 in long-term debt outstanding. The governmental activities debt consists of a capital lease obligation of \$12,490,000 and compensated absences of \$293,830. The capital lease obligation was a current year addition to long-term debt along with an increase in compensated absences of \$22,235. The principal balance for the business-type activities debt at September 30, 2017 was \$45,171. Principal payments of \$67,727 were applied against the loan during the year.

The State of Mississippi limits the amount of debt a County can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$32.8 million dollars. The capital lease obligation is not backed by the full faith and credit of the County and is not applied against the debt limitation.

Additional information on Coahoma County's long-term debt can be found in Note 13 on page 56 of this report.

#### ***CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P. O. Box 579, Clarksdale, MS 38614.



COAHOMA COUNTY

BASIC FINANCIAL STATEMENTS

COAHOMA COUNTY  
Statement of Net Position  
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 3,878,568	365,725	4,244,293
Investments	101,468		101,468
Property tax receivable	8,137,266		8,137,266
Accounts receivable (net of allowance for uncollectibles of \$0)		241,080	241,080
Fines receivable (net of allowance for uncollectibles of \$12,072,686)	605,642		605,642
Loans receivable	1,644,279		1,644,279
Capital leases receivable	2,344,544		2,344,544
Intergovernmental receivables	2,799,671	91,705	2,891,376
Other receivables	8,245		8,245
Internal balances	223,751	(223,751)	-
Restricted assets	30,182,887		30,182,887
Capital assets:			
Land and construction in progress	18,800,439	803,499	19,603,938
Other capital assets, net	58,508,730	5,676,289	64,185,019
Total Assets	<u>127,235,490</u>	<u>6,954,547</u>	<u>134,190,037</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,906,418	10,815	1,917,233
Total Deferred Outflows of Resources	<u>1,906,418</u>	<u>10,815</u>	<u>1,917,233</u>
LIABILITIES			
Claims payable	993,239	12,242	1,005,481
Intergovernmental payables	264,161		264,161
Accrued interest payable	130,481		130,481
Amounts held in custody for others	165,943		165,943
Other payables	2,000		2,000
Long term liabilities			
Net pension liability	13,025,341	73,893	13,099,234

Due within one year			
Capital related debt		45,171	45,171
Due in more than one year:			
Capital related debt	12,490,000		12,490,000
Non-capital related debt	293,830		293,830
Total Liabilities	<u>27,364,995</u>	<u>131,306</u>	<u>27,496,301</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,400,951	7,948	1,408,899
Deferred revenues - property taxes	8,137,266		8,137,266
Deferred revenues - capital leases	72,259		72,259
Total deferred inflows of resources	<u>9,610,476</u>	<u>7,948</u>	<u>9,618,424</u>
NET POSITION			
Net investment in capital assets	64,819,169	6,434,617	71,253,786
Restricted net position:			
Expendable:			
General government	353,377		353,377
Debt service	37,457		37,457
Public safety	175,682		175,682
Public works	195,471		195,471
Culture and recreation	165,611		165,611
Economic development	2,723,862	555,412	3,279,274
Unemployment compensation	21,460		21,460
Non-expendable:			
Hospital reserve	46,085,161		46,085,161
Unrestricted	(22,410,813)	(163,921)	(22,574,734)
Total Net Position	<u>\$ 92,166,437</u>	<u>6,826,108</u>	<u>98,992,545</u>

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

COAHOMA COUNTY  
Statement of Activities  
For the Year Ended September 30, 2017

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,856,237	982,217	115,700		(2,758,320)		(2,758,320)
Public safety	5,102,828	344,384	88,993	532,567	(4,136,884)		(4,136,884)
Public works	6,737,848	685	147,644	2,604,574	(3,984,945)		(3,984,945)
Health and welfare	1,050,979		102,713		(948,266)		(948,266)
Culture and recreation	491,511			1,154,933	663,422		663,422
Education	10,000				(10,000)		(10,000)
Conservation of natural resources	29,279		10,298		(18,981)		(18,981)
Economic development and assistance	1,555,431			454,503	(1,100,928)		(1,100,928)
Interest and other expenses on long-term liabilities	353,279				(353,279)		(353,279)
Pension expense	1,845,314				(1,845,314)		(1,845,314)
Total Governmental Activities	21,032,706	1,327,286	465,348	4,746,577	(14,493,495)	-	(14,493,495)
Business-type activities:							
Federal building	301,186	423,723				122,537	122,537
Railroad	292,576	145,590		420,296		273,310	273,310
Total Business-type Activities	593,762	569,313	-	420,296	-	395,847	395,847
Total Primary Government	\$ 21,626,468	1,896,599	465,348	5,166,873	(14,493,495)	395,847	(14,097,648)

General revenues:			
Property taxes	\$	7,445,827	7,445,827
Road & bridge privilege taxes		230,617	230,617
Grants and contributions not restricted to specific programs		2,816,775	2,816,775
Unrestricted investment income		386,529	386,529
Miscellaneous		2,771,736	15,696
Transfers		154,000	(154,000)
Total General Revenues		<u>13,805,484</u>	<u>(138,304)</u>
			<u>13,667,180</u>
Changes in Net Position		<u>(688,011)</u>	<u>257,543</u>
			<u>(430,468)</u>
Net Position - Beginning		93,927,105	6,568,565
Prior period adjustment		(1,072,657)	(1,072,657)
Net Position - Beginning, as restated		<u>92,854,448</u>	<u>6,568,565</u>
			<u>99,423,013</u>
Net Position - Ending	\$	<u>92,166,437</u>	<u>\$ 6,826,108</u>
			<u>\$ 98,992,545</u>

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

COAHOMA COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2017

Exhibit 3

	Major Funds							
	General Fund	Airport Improvement Project Fund	Road Fund	Economic Development Authority Fund	Economic Development Authority Blended CU	Hospital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$1,728,791	\$ 2,536	372,960	66,312	370,875		1,337,094	3,878,568
Investments					101,468			101,468
Property tax receivable	5,837,449		707,368	111,769			1,480,680	8,137,266
Fines receivable (net of allowance for uncollectibles \$12,072,686)	605,642							605,642
Loans receivable				586,069			1,058,210	1,644,279
Capital lease receivable	61,799			347,130	1,935,615			2,344,544
Intergovernmental receivables	235,114	477,333	15,782	58,959			1,612,483	2,399,671
Other receivables	8,245							8,245
Due from other funds			24,163	1,084		9,213,219	16,604	9,255,070
Advances to other funds						7,453,708		7,453,708
Restricted assets						30,182,887		30,182,887
Total Assets	<u>\$8,477,040</u>	<u>479,869</u>	<u>1,120,273</u>	<u>1,171,323</u>	<u>2,407,958</u>	<u>46,849,814</u>	<u>5,505,071</u>	<u>66,011,348</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Claims payable	\$ 212,945		36,991	71,536	6,665		665,102	993,239
Intergovernmental payables	264,161							264,161
Due to other funds	3,255,513	600,000	1,592,317	1,009,834			2,230,170	8,687,834
Advances from other funds	2,575,633		647,202	2,549,410			1,624,948	7,397,193
Amounts held in custody for others	165,943							165,943
Other payables							2,000	2,000
Total Liabilities	<u>6,474,195</u>	<u>600,000</u>	<u>2,276,510</u>	<u>3,630,780</u>	<u>6,665</u>	<u>-</u>	<u>4,522,220</u>	<u>17,510,370</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	5,837,449		707,368	111,769			1,480,680	8,137,266
Unavailable revenue - fines	605,642							605,642
Unavailable revenue - capital leases	61,799			347,130	1,935,615			2,344,544
Total deferred inflows of resources	<u>6,504,890</u>	<u>-</u>	<u>707,368</u>	<u>458,899</u>	<u>1,935,615</u>	<u>-</u>	<u>1,480,680</u>	<u>11,087,452</u>
Fund balances:								
Nonspendable:								
Advances						7,453,708		7,453,708
Loans receivable				586,069			1,058,210	1,644,279
Permanent fund principal						38,631,453		38,631,453
Restricted for:								
General government							353,377	353,377
Public safety							175,682	175,682
Public works							195,471	195,471
Culture and recreation							165,611	165,611
Economic development and assistance							45,220	45,220
Debt service							37,457	37,457
Unemployment compensation							21,460	21,460
Committed to:								
General government	1,145,663							1,145,663
Assigned								
Economic development and assistance					465,678			465,678
Unassigned	<u>(5,647,708)</u>	<u>(120,131)</u>	<u>(1,863,605)</u>	<u>(3,504,425)</u>		<u>764,653</u>	<u>(2,550,317)</u>	<u>(12,921,533)</u>
Total Fund Balances	<u>(4,502,045)</u>	<u>(120,131)</u>	<u>(1,863,605)</u>	<u>(2,918,356)</u>	<u>465,678</u>	<u>46,849,814</u>	<u>(497,829)</u>	<u>37,413,526</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$8,477,040</u>	<u>479,869</u>	<u>1,120,273</u>	<u>1,171,323</u>	<u>2,407,958</u>	<u>46,849,814</u>	<u>5,505,071</u>	<u>66,011,348</u>

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

## COAHOMA 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	\$ 37,413,526
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$88,186,438	77,309,169
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivable	605,642
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(12,783,830)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,272,285
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	1,906,418
Deferred inflows of resources related to pensions	(1,400,951)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	(13,025,341)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds	(130,481)
Total net position - Governmental Activities	<u>\$ 92,166,437</u>

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



COAHOMA COUNTY

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## COAHOMA COUNTY

Exhibit 4

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the year ended September 30, 2017

	Major Funds							
	General Fund	Airport Improvement Project Fund	Road Fund	Economic Development Authority Fund	Economic Development Authority Blended CU	Hospital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 5,135,130		553,936	108,842			1,647,919	7,445,827
Road and bridge privilege taxes			230,617					230,617
Licenses, commissions and other revenue	501,261		4,444				18,146	523,851
Fines and forfeitures	148,488							148,488
Intergovernmental revenues	2,076,065	2,245,097	753,542	454,503	168,000		2,331,493	8,028,700
Charges for services	90,522						206,951	297,473
Interest income	6,350			37,870	10,696	296,116	33,335	384,367
Increase in market value of securities						1,133,494		1,133,494
Miscellaneous revenues	801,189	17,887	44,985	213,230	56,585	219,189	272,594	1,625,659
Total Revenues	<u>8,759,005</u>	<u>2,262,984</u>	<u>1,587,524</u>	<u>814,445</u>	<u>235,281</u>	<u>1,648,799</u>	<u>4,510,438</u>	<u>19,818,476</u>
EXPENDITURES								
General government	3,713,700					36,828	21,661	3,772,189
Public safety	16,714,462						1,254,005	17,968,467
Public works	323,378	2,374,208	2,269,731				2,725,247	7,692,564
Health and welfare	486,838							486,838
Culture and recreation	221,544						1,688,020	1,909,564
Education	10,000							10,000
Conservation of natural resources	86,569							86,569
Economic development and assistance	126,172			994,535	474,705		4,214	1,599,626
Debt service:								
Interest	116,910		15,939	33,176	9,701		47,072	222,798
Total Expenditures	<u>21,799,573</u>	<u>2,374,208</u>	<u>2,285,670</u>	<u>1,027,711</u>	<u>484,406</u>	<u>36,828</u>	<u>5,740,219</u>	<u>33,748,615</u>

Excess of Revenues over (under) Expenditures	<u>(13,040,568)</u>	<u>(111,224)</u>	<u>(698,146)</u>	<u>(213,266)</u>	<u>(249,125)</u>	<u>1,611,971</u>	<u>(1,229,781)</u>	<u>(13,930,139)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from inception of capital lease	12,490,000							12,490,000
Proceeds from sale of assets			60,000					60,000
Transfers in	554,221						462,038	1,016,259
Transfers out	(462,038)					(300,221)	(100,000)	(862,259)
Lease principal payments	21,799			35,370	181,893			239,062
Total Other Financing Sources (Uses)	<u>12,603,982</u>	<u>-</u>	<u>60,000</u>	<u>35,370</u>	<u>181,893</u>	<u>(300,221)</u>	<u>362,038</u>	<u>12,943,062</u>
Net Changes in Fund Balances	<u>(436,586)</u>	<u>(111,224)</u>	<u>(638,146)</u>	<u>(177,896)</u>	<u>(67,232)</u>	<u>1,311,750</u>	<u>(867,743)</u>	<u>(987,077)</u>
Fund Balances - Beginning, as previously reported	(4,065,459)	(8,907)	(1,225,459)	(2,740,460)	820,445	45,538,064	244,914	38,563,138
Prior Period Adjustment					(287,535)		125,000	(162,535)
Fund Balances - Beginning, as restated	<u>(4,065,459)</u>	<u>(8,907)</u>	<u>(1,225,459)</u>	<u>(2,740,460)</u>	<u>532,910</u>	<u>45,538,064</u>	<u>369,914</u>	<u>38,400,603</u>
Fund Balances - Ending	<u>\$ (4,502,045)</u>	<u>\$ (120,131)</u>	<u>\$ (1,863,605)</u>	<u>\$ (2,918,356)</u>	<u>\$ 465,678</u>	<u>\$ 46,849,814</u>	<u>\$ (497,829)</u>	<u>\$ 37,413,526</u>

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

COAHOMA 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	\$ (987,077)
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 \$15,884,697 exceeded depreciation \$1,818,601	14,066,096
In the Statement of Activities, only gains and loss from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$9,840 and proceeds from the sale of \$60,000 in the current period	(50,160)
Fine revenue is earned when a legally enforceable claim to the fine exists, regardless of when the fine is collected. Under the modified accrual basis fine revenue is deferred when it is not currently collectible	362,379
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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 debt proceeds of \$12,490,000 exceeded debt repayments of \$0	(12,490,000)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balance by a combination of the following items:

Compensated absences	(22,235)
Accrued interest	(130,481)

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities

(72,009)

Lease principal payments on capital leases recognized on the modified accrual basis in the funds is reduced because prior year recognition of gain would have been required on the Statement of Activities using the full-accrual basis of accounting.

(239,062)

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	(1,845,314)
Recording of contributions made during the year	719,852

Change in Net Position of Governmental Activities

\$ (688,011)

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

COAHOMA COUNTY  
Statement of Net Position - Proprietary Funds  
September 30, 2017

Exhibit 5

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash	\$ 42,348	323,377	365,725	
Accounts receivable	26,999	214,081	241,080	
Intergovernmental receivables		91,705	91,705	
Total Current Assets	69,347	629,163	698,510	-
Noncurrent assets:				
Land and construction in progress	40,000	763,499	803,499	
Capital assets, net	944,666	4,731,623	5,676,289	
Total Noncurrent Assets	984,666	5,495,122	6,479,788	-
Total Assets	1,054,013	6,124,285	7,178,298	-
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	10,815		10,815	
<b>LIABILITIES</b>				
Current liabilities:				
Claims payable	12,242		12,242	
Due to other funds	150,000	17,236	167,236	
Advances from other funds		56,515	56,515	
Current portions of long-term capital-related debt:				
Current portions of other long-term liabilities		45,171	45,171	
Total Current Liabilities	162,242	118,922	281,164	-
Noncurrent liabilities:				
Net pension liability	73,893		73,893	
Total Noncurrent Liabilities	73,893	-	73,893	-
Total Liabilities	236,135	118,922	355,057	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	7,948		7,948	
<b>NET POSITION</b>				
Net investment in capital assets	984,666	5,449,951	6,434,617	
Restricted for economic development		555,412	555,412	
Unrestricted	(163,921)		(163,921)	
Total Net Position	\$ 820,745	6,005,363	6,826,108	-

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

## COAHOMA COUNTY

Exhibit 6

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Operating Revenues				
Rent	423,723	145,590	569,313	
Miscellaneous		15,696	15,696	
Total Operating Revenues	423,723	161,286	585,009	-
Operating Expenses				
Personal services	40,328		40,328	
Contractual services	189,357	6,650	196,007	
Materials and supplies	494	1,100	1,594	
Depreciation expense	60,539	282,139	342,678	
Claims payment				72,009
Pension expense	10,468		10,468	
Total Operating Expenses	301,186	289,889	591,075	72,009
Operating Income (Loss)	122,537	(128,603)	(6,066)	(72,009)
Nonoperating Revenues (Expenses)				
Intergovernmental grants		420,296	420,296	
Interest expense		(2,687)	(2,687)	
Net Nonoperating Revenue (Expenses)	-	417,609	417,609	-
Net Income (Loss) Before Transfers	122,537	289,006	411,543	(72,009)
Transfers Out	(154,000)		(154,000)	
Changes in Net Position	(31,463)	289,006	257,543	(72,009)
Net Position - Beginning	852,208	5,716,357	6,568,565	72,009
Net Position - Ending	\$ 820,745	6,005,363	6,826,108	-

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

COAHOMA COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2017

Exhibit 7

	Business-type Activities - Enterprise Funds			Governmental Activities
	Federal Building Fund	Railroad Fund	Totals	Internal Service Funds
Cash Flows From Operating Activities				
Receipts from rent	\$ 396,724	104,040	500,764	
Payments to suppliers	(192,905)	(513,342)	(706,247)	
Payments to employees	(45,117)		(45,117)	
Payments for claims			-	(144,322)
Other operating cash receipts		15,696	15,696	
Net Cash Provided (Used) by Operating Activities	158,702	(393,606)	(234,904)	(144,322)
Cash Flows From Noncapital Financing Activities				
Cash received from other funds:				
Loans from other funds	150,000		150,000	
Cash paid to other funds:				
Operating transfers out	(154,000)		(154,000)	
Interfund loan repayments	(113,000)	(16,727)	(129,727)	(390,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(117,000)	(16,727)	(133,727)	(390,000)
Cash Flows From Capital and Related Financing Activities				
Capital grants received		432,568	432,568	
Acquisition and construction of capital assets		(138,154)	(138,154)	
Principal paid on long-term debt		(67,727)	(67,727)	
Interest paid on debt		(2,687)	(2,687)	
Net Cash Provided (Used) by Capital and Related Financing Activities	-	224,000	224,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	41,702	(186,333)	(144,631)	(534,322)
Cash and Cash Equivalents at Beginning of Year	646	509,710	510,356	534,322
Cash and Cash Equivalents at End of Year	\$ 42,348	323,377	365,725	-



Reconciliation of Operating Income (Loss) to Net Cash  
 Provided (Used) by Operating Activities:

Operating income (loss)	\$ 122,537	(128,603)	(6,066)	(72,009)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	60,539	282,139	342,678	
Decrease in deferred outflows related to pensions	6,250		6,250	
Increase in deferred inflows related to pensions	6,638		6,638	
Decrease in net pension liability	(8,005)		(8,005)	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(26,999)	(41,550)	(68,549)	
Increase (decrease) in claims payable	(2,258)	(505,592)	(507,850)	
Increase (decrease) in claims and judgments liability			-	(72,313)
Total Adjustments	36,165	(265,003)	(228,838)	(72,313)
Net Cash Provided (Used) by Operating Activities	\$ 158,702	(393,606)	(234,904)	(144,322)

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

COAHOMA COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2017

Exhibit 8

	<u>Agency</u>
ASSETS	
Cash	<u>831,828</u>
Total Assets	<u><u>831,828</u></u>
LIABILITIES	
Intergovernmental payables	431,828
Due to other funds	<u>400,000</u>
Total Liabilities	<u><u>831,828</u></u>

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

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

### (1) Summary of Significant Accounting Policies.

#### A. Financial Reporting Entity.

Coahoma 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 Coahoma County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations which should be discretely presented as component units of the County's reporting entity.

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

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

#### B. Individual Component Unit Disclosures.

##### Blended Component Units

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

The Coahoma County Public Improvement Corporation is comprised solely of the five members of the Board of Supervisors. Although it is legally separate from the County, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's buildings.

The Economic Development Authority of Coahoma County is comprised of seven residents of Coahoma County. The members are appointed by the Board of Supervisors of Coahoma County and serve five year terms. The Board of Supervisors must approve the overall budget for the Authority. The Authority is reported as if it were part of the primary government because its activities are closely intertwined with County activities.

#### C. Basis of Presentation.

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

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

### Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

### Fund Financial Statements:

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

#### D. Measurement Focus and Basis of Accounting.

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

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

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

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.

**Airport Improvement Projects Fund** – This fund is used to account for the rehabilitation of the airport runway which is funded largely by a grant from the Federal Aviation Administration.

**Road Fund** - This fund is used to account for and report activities relating to maintaining roads within the County.

**Economic Development Authority Fund** - This fund is used to account for and report activities relating to industrial development with the County.

**Hospital Reserve Fund** - This fund is used to account for and report resources that are legally restricted to the extent that only a portion of the earnings and none of the principal can be used to support County programs.

The County reports the following major Enterprise funds:

**Federal Building Fund** - This fund is used to account for and report monies received from rentals of office space in the building.

**Railroad Fund** - This fund is used to account for and report monies received from rentals of the railroad and fees charged based upon number of railcars passing along the County owned tracks.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

**Permanent Funds** - These funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not the principal, may be used for the support of County programs.

#### PROPRIETARY FUND TYPES

**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.

**Internal Service Funds** - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits.

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

### FIDUCIARY FUND TYPE

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

#### E. Account Classifications.

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

#### F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, 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.

#### G. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs-other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

#### H. Receivables.

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

#### I. 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

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. 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.”

### J. Restricted Assets.

The assets of the hospital reserve fund are shown as restricted assets. These funds have been set aside for the fiscal security and as a sustained revenue source for the County and its citizens. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

### K. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statement. 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 has 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. The following schedule details those thresholds and estimated useful lives.

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

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

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

#### L. 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 element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(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.

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 12 for additional details.

#### M. Pensions

For the 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.

#### N. 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 Funds in the 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 fund type Statement of Net Position.



COAHOMA COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2017

O. 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, constructions 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 or regulation of other governments; or law through constitutional provisions or enabling legislation.

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by management pursuant to the authorization established by the policy adopted by the county.

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

#### Fund Balance Flow Assumption:

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

#### P. 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.

#### Q. 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.

#### R. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and the proprietary fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Prior Period Adjustments.

Exhibit 2 – Statement of Activities – Governmental Activities

Explanation

Correct beginning capital asset balances	(913,390)
Correct utility district receivable	125,000
Correction to receivable by component unit	(287,535)
Miscellaneous Correction	3,268
Total	<u><u>\$(1,072,657)</u></u>

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

Explanation

Correct utility district receivable - CDBG 1128-11-014-PF-01 Fund	\$ 125,000
Correction to receivable by component unit - Economic Development Authority Blended CU	<u>(287,535)</u>
Total	<u><u>\$ (162,535)</u></u>

(3) Deposits and Investments.

Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$5,076,121, and the bank balance was \$5,841,958. The collateral for public entities' deposits in financial institutions, is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

**Restricted Assets:**

The cash balance of the Hospital Reserve Fund in the amount of \$8,520,939 is presented as restricted assets in Exhibit 1 and Exhibit 3.

Cash with fiscal agents in the amount of \$1,038,730 is presented as restricted assets in Exhibit 1 and Exhibit 3.

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

Investments as shown below with a value of \$20,623,218 are presented as restricted assets in Exhibit 1 and Exhibit 3.

Investment:

Senate Bill 2930 of the Mississippi Legislature authorized the Board of Supervisors of Coahoma County to establish the Coahoma County Reserve and Trust Fund (the Fund). A significant portion of the cash and investments of the Hospital Reserve Fund was used to fund the Coahoma County Reserve and Trust Fund. The Fund is to provide for the continued improvement and maintenance of Coahoma County by providing financial security and providing a sustained source of revenue.

The Fund is administered by a Board of Trustees which will consist of the Board of Supervisors of Coahoma County. Investments allowed will be the same type of investments which are permitted for the Mississippi Prepaid Affordable College Tuition Program under Section 37-155-9, Mississippi Code of 1972 except the fund shall be restricted from investments in the covered call and put options allowed in Section 37-155-9(v)(xi) or in the pooled or commingled real estate securities outlined in Section 37-155-9(v)(xiii).

The Fund is to be divided into two components consisting of the corpus component and the earnings component. On or before July 1 of each year the trustees shall determine the portion of the earnings component and report that amount to the governing authorities. A decision will be made to either transfer all or a portion of the earnings to the General Fund of the County for spending or if no amounts are transferred the earnings will become a part of corpus. The corpus is restricted with limited abilities to withdraw. A provision does exist to withdraw the Funds in a state of emergency declared under federal, state or local law.

Investments are presented at fair value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of the investments of the County as of September 30, 2017.

Investment Type	Level 1	Level 2	Total
Equities	9,383,939		9,383,939
Municipal Bonds		496,635	496,635
U.S. Treasury Bond/Notes		718,118	718,118
Federal Agency Obligations		2,966,899	2,966,899
Corporate/Other		7,057,627	7,057,627
Total	9,383,939	11,239,279	20,623,218

**Interest Rate Risk** - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity of any investment to no more than one year. Investments of the Coahoma County Reserve and Trust Fund follow the guidelines of the Mississippi Prepaid Affordable College Tuition Program – Code Section 37-155-9, Mississippi Code of 1972 Annotated.

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

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

Investments of the Coahoma County Reserve and Trust Fund follows the guidelines of the Mississippi Prepaid Affordable College Tuition Program under code section 37-155-9, Mississippi Code of 1972 Annotated.

The following ratings are provided for the credit securities of the Reserve and Trust Fund:

Investment Classification	S & P Quality Rating				Total
	AAA	AA	A	All Others	
Level 2	797,751	2,003,678	3,140,678	5,297,172	11,239,279

Custodial Credit Risk – Investments - Custodial credit risk is the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy that addresses custodial credit risk.

(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
Road Fund	General Fund	\$ 24,163
Economic Development Authority Fund	General Fund	1,084
Hospital Reserve Fund	General Fund	3,213,662
Hospital Reserve Fund	Airport Improvement Projects Fund	600,000
Hospital Reserve Fund	Economic Development Authority Fund	1,009,834
Hospital Reserve Fund	Federal Building	* 150,000
Hospital Reserve Fund	Railroad Fund	* 17,236
Hospital Reserve Fund	Road Fund	1,592,317
Hospital Reserve Fund	Other Governmental Funds	2,230,170
Hospital Reserve Fund	Agency Funds	400,000
Other Governmental Funds	General Fund	16,604
Total		<u>\$ 9,255,070</u>

The interfund loans were made to provide operating capital, finance construction projects and prevent borrowing from outside sources. A portion of the above amounts reflect amounts collected by the tax collector and are expected to be remitted in October 2017.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

### B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Hospital Reserve Fund	General Fund	2,575,633
Hospital Reserve Fund	Road Fund	647,202
Hospital Reserve Fund	Economic Development Authority Fund	2,549,410
Hospital Reserve Fund	Railroad Fund	* 56,515
Hospital Reserve Fund	Other Governmental Funds	1,624,948
Total		<u>\$ 7,453,708</u>

\* These funds make up the internal balances on Exhibit 1.

Monthly payments are being made on a number of above advances. The portion expected to be repaid within one year has been classified as due to/due from. The remaining amounts due are not expected to be repaid within one year. The interfund advances were made to finance construction projects and prevent borrowing from outside sources.

### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Hospital Reserve Fund	\$ 300,221
General Fund	Other Governmental Funds	100,000
General Fund	Federal Building Fund	154,000
Other Governmental Funds	General Fund	462,038
Total		<u>\$ 1,016,259</u>

The principal purpose of the transfers was to provide funds for operations and to eliminate deficit cash balances for the fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

### (5) Intergovernmental Receivables.

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

#### Governmental Activities:

<u>Description</u>	<u>Amount</u>
Gaming	120,238
Grant receivable	2,131,381
Legislative tax credit	99,731
State and local agencies	48,321
Agency fund	400,000
Total Governmental Activities	<u>\$ 2,799,671</u>

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

Business-type Activities:

Grant receivable	<u>\$ 91,705</u>
Total Business-type Activities	<u><u>\$ 91,705</u></u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2017, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Receivable</u>
Standard Industrial	4/1/09	3.00%	4/1/29	586,069
Utility District #2 Loan	5/1/14	2.51%	12/1/61	756,970
Airport	6/1/14	3.00%	6/1/24	264,701
Airport	8/1/14	3.00%	8/1/24	<u>36,539</u>
Total				<u><u>\$ 1,644,279</u></u>

COAHOMA 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:

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,091,713				3,091,713
Construction in progress	2,300,687	1,678,019		(1,505,214)	2,473,492
Construction in progress under capital lease		12,490,000			12,490,000
Total non-depreciable capital assets	<u>5,392,400</u>	<u>14,168,019</u>	<u>-</u>	<u>(1,505,214)</u>	<u>18,055,205</u>
<u>Depreciable capital assets:</u>					
Infrastructure	82,006,816	2,000			82,008,816
Buildings	49,107,804			244,370	49,352,174
Improvements other than buildings	2,962,504				2,962,504
Mobile equipment	8,914,762	1,645,494	(539,198)		10,021,058
Furniture and equipment	1,517,511	6,241		245,278	1,769,030
Total depreciable capital assets	<u>144,509,397</u>	<u>1,653,735</u>	<u>(539,198)</u>	<u>489,648</u>	<u>146,113,582</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	53,726,213	389,310		(31,065)	54,084,458
Buildings	23,567,141	946,716		(1,601)	24,512,256
Improvements other than buildings	1,000,854	118,500			1,119,354
Mobile equipment	7,387,731	228,707	(489,038)	(69,510)	7,057,890
Furniture and equipment	867,300	127,063			994,363
Total accumulated depreciation	<u>86,549,239</u>	<u>1,810,296</u>	<u>(489,038)</u>	<u>(102,176)</u>	<u>87,768,321</u>
Total depreciable capital assets, net	<u>57,960,158</u>	<u>(156,561)</u>	<u>(50,160)</u>	<u>591,824</u>	<u>58,345,261</u>
Governmental activities capital assets, net	<u>\$ 63,352,558</u>	<u>14,011,458</u>	<u>(50,160)</u>	<u>(913,390)</u>	<u>76,400,466</u>



# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

### Blended Component Unit:

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

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	682,291	62,943			745,234
Depreciable capital assets:					
Buildings	135,001				135,001
Improvements other than buildings	179,916				179,916
Other equipment	266,669				266,669
Total depreciable capital assets	581,586				581,586
Less accumulated depreciation	409,812	8,305			418,117
Total depreciable capital assets, net	171,774	(8,305)	-	-	163,469
Total capital assets, net	854,065	54,638	-	-	908,703
Business-type activities:					
	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 40,000				40,000
Construction in progress	1,446,323	138,154		(820,978)	763,499
Total non-depreciable capital assets	1,486,323	138,154	-	(820,978)	803,499
Depreciable capital assets:					
Infrastructure	7,394,005			820,978	8,214,983
Buildings	1,743,417				1,743,417
Total depreciable capital assets	9,137,422	-	-	820,978	9,958,400
Less accumulated depreciation for:					
Infrastructure	3,201,221	282,139			3,483,360
Buildings	738,212	60,539			798,751
Total accumulated depreciation	3,939,433	342,678	-	-	4,282,111
Total depreciable capital assets, net	5,197,989	(342,678)	-	820,978	5,676,289
Business-type activities capital assets, net	\$ 6,684,312	(204,524)	-	-	6,479,788

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 228,584
Public safety	281,302
Public works	672,286
Culture and recreation	53,540
Economic development	18,748
Health and welfare	564,141
	<hr/>
Total governmental activities depreciation expense	\$ 1,818,601
	<hr/>
Business-type Activities:	
Federal Building	\$ 60,539
Railroad	282,139
	<hr/>
Total business-type activities depreciation expense	\$ 342,678
	<hr/>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Moon Lake Scenic Overlook	358,650	September 2018
Moon Lake Multi Use Pathway	317,843	September 2018
Yazoo Pass Trail Head	171,816	September 2018
Runway Improvement	536,475	September 2018
FEMA Safe Room	1,460,938	September 2018
Total	<hr/> 2,845,722 <hr/>	

(8) Claims and Judgments

Risk Financing

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

The County terminated its risk management fund on October 1, 2016, and a commercial insurance company began providing health and accident coverage.

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

(9) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$741,736 for the year ended September 30, 2017. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2018	\$ 666,780
2019	609,951
2020	568,951
2021	568,951
2022	500,065
2023-2027	1,500,325
2028-2032	325
2033-2037	<u>65</u>
Total Minimum Payments Required	<u><u>\$ 4,415,413</u></u>

The County receives income from property it leases in Enterprise Funds. Total income from such leases was \$569,313 for the year ended September 30, 2017. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2018	\$ 542,805
2019	487,508
2020	366,162
2021	<u>91,799</u>
Total Minimum Payments Required	<u><u>\$ 1,488,274</u></u>

(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>
Land	\$ 454,124
Buildings	6,060,159
Equipment	<u>149,104</u>
Total	<u><u>\$ 6,663,387</u></u>

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

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	\$ 214,575	14,576
2019	190,587	11,941
2020	185,107	9,697
2021	171,459	7,895
2022	164,858	6,247
2023-2027	713,029	18,756
2028-2032	622,989	3,146
2033	9,681	1
Total	<u>\$ 2,272,285</u>	<u>72,259</u>

As Lessee:

On June 22, 2017, the County entered into a capital lease agreement with North Delta Improvements Corporation for the lease of buildings to be constructed by North Delta Improvements Corporation which will contain a jail which will house approximately 155 inmates, a fire station and other related facilities. The lease term began on June 22, 2017 and ends on June 1, 2037. At the end of the lease, title to the property will pass to the County.

In order to fund the construction cost, North Delta Improvements Corporation will sell Certificates of Participation with First Security Bank of Batesville acting as Trustee. The owners of the Certificates will have an undivided proportionate interest in the right to receive rental payments under the lease agreement between Coahoma County and North Delta Improvements Corporation. The only obligation of the County is to make rental payments in accordance with the lease agreement. The County is not obligated for the Certificates of Participation.

Total principal payments under the lease are \$12,490,000 and total interest to be paid will be \$6,402,467 for a total of \$18,892,467. Payments for the project will be made from the County's General County Capital Project Fund. The millage rate for the general fund ad valorem taxes will be increased by 2 mills each year for the next five years to provide funding for the lease payments.

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ -	486,842
2019	1,020,000	517,000
2020	475,000	486,400
2021	475,000	472,150
2022	465,000	457,900
2023-2027	2,575,000	2,040,750
2028-2032	3,240,000	1,418,025
2033-2037	4,240,000	523,400
Total	<u>\$ 12,490,000</u>	<u>6,402,467</u>

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

(11) Short-term Debt and Liquidity.

There was no short-term borrowing during the fiscal year.

(12) Defined Benefit Pension Plan

*General Information about the Pension Plan*

**Plan Description.** Coahoma County contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 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's 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 of creditable service for employees 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 become 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. A 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 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The current rate is 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 fiscal years ending September 30, 2017, 2016 and 2015 were \$806,745, \$812,288 and \$810,859, respectively, which equaled the required contribution for each year.

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

### *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 of \$13,099,234 for its proportionate share of the net pension liability. 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 .078356 percent and .000477 percent for the Coahoma County Soil and Water Conservation District. The overall rounded proportionate share used for calculations was .0788 percent.

For the fiscal year ended September 30, 2017, the County recognized pension expense of \$1,855,782. At September 30, 2017 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 191,734	95,581
Net difference between projected and actual earnings on pension plan investments	1,213,782	1,012,118
Changes of assumptions	300,360	22,499
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		278,701
County contributions subsequent to the measurement date	211,357	
Total	1,917,233	1,408,899

\$211,357 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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:	
2018	\$ 448,978
2019	110,306
2020	(9,278)
2021	(253,029)
Total	296,977

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

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

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 weighing 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.

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

Sensitivity of the Commission's proportionate share of the net pension liability to changes in the discount rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Commission'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%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 17,180,521	\$ 13,099,234	\$ 9,710,880

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

### (13) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Notes Payable (Blended component unit)			
Land & Building - Saf-T-Cart	* \$ 145,914	3.00%	7-15-22
Land & Building - Standard Industrial	* 26,200	4.26%	9-20-18
Land & Building - Dept of Human Services	* <u>1,731,167</u>	1.60%	9-30-33
Total	<u>1,903,281</u>		
B. Capital Leases:			
Jail/Fire Station and related facilities	<u>\$ 12,490,000</u>	3.00 - 5.75%	6-1-37
Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Other Loans:			
MDECD 2002 rail loan	<u>\$ 45,171</u>	0.25%	7-18

\* The blended component unit borrowed these funds from the County. The amounts have been eliminated for government-wide presentation purposes.



COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

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

Governmental Activities:

Blended component unit:

<u>Year Ending September 30</u>	Notes Payable	
	Principal	Interest
2018	\$ 168,703	7,087
2019	143,566	5,603
2020	144,658	4,511
2021	145,777	3,392
2022	138,655	2,265
2023-2027	573,816	7,042
2028-2032	578,425	2,433
2033	9,681	1
Total	<u>\$ 1,903,281</u>	<u>32,334</u>

<u>Year Ending September 30</u>	Other Loans	
	Principal	Interest
2018	\$ 45,171	42
Total	<u>\$ 45,171</u>	<u>42</u>

See Note 10 for capital lease annual disclosure.

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 the 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 3.41% of the latest property assessments.

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

# COAHOMA COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2017

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 271,595	22,235			293,830	
Capital leases		12,490,000			12,490,000	
Total	<u>\$ 271,595</u>	<u>\$ 12,512,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,783,830</u>	<u>\$ -</u>

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Business-type Activities:						
Other loans	\$ 112,898		(67,727)		45,171	45,171
Total	<u>\$ 112,898</u>	<u>-</u>	<u>(67,727)</u>	<u>-</u>	<u>45,171</u>	<u>45,171</u>

Obligation for the County's remaining rail loan was made in accordance with the loan terms. The amounts are paid from the Railroad Fund.

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

### (14) Deficits Fund Balance of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2017:

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2017

Fund	Deficit Amount
Major Funds:	
General Fund	\$ 4,502,045
Airport Fund	120,131
Road Fund	1,863,605
Economic Development Authority Fund	2,918,356
Total Major Funds	<u>9,404,137</u>
Nonmajor Funds:	
Victim Assistance Fund	2,911
DUI Grant Fund	50,234
Digital Communication Fund	165,300
DUI Grant Fund	52,458
MDOT Multi Modal Grant Fund	14,662
Coahoma County Airport Grant Fund	353,242
Airport Capital Grant MM 014 0214 Fund	89,098
Airport MDOT MM-014-0315 Grant Fund	104,870
CDBG Water & Sewer Project Fund	5,390
East Park Drainage Fund	12,687
CDBG Home Rehabilitation Grant Fund	2,596
E-911 Fund	21,152
Livestock/Fairgrounds Fund	257,499
Tag Interface Fund	54,195
Help MS Vote Fund	17,823
County Fire Fund	200,098
Bridge Fund	87,892
Total Nonmajor Funds	<u>1,492,107</u>

(15) 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.

(16) Related Organizations

The Board of Supervisors is responsible appointing members to the Board of the Coahoma County Tourism Commission. The members are appointed for terms of 5 years. The Board of Supervisors is provided a copy and reviews the budget for the Tourism Commission but cannot force a modification to the budget. The member's appointed to the Tourism Board serve without fear of replacement by the

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

Board of Supervisors until that member's term has been served. In fiscal year 2017, \$393,578 was forwarded to the Tourism Commission through collections made from a 1% restaurant tax of \$282,078 and a 2% hotel tax of \$111,500.

#### (17) Joint Ventures

The County participates in the following joint ventures:

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Clarksdale-Coahoma Airport. The joint venture was created to provide airport facilities for County residents and is governed by a board of commissioners, half of the members are appointed by Coahoma County and half by the City of Clarksdale. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$25,000. Complete financial statements for the Clarksdale-Coahoma Airport can be obtained from the Clarksdale-Coahoma Airport at P.O. Box 406, Lyon, Mississippi 38645.

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Carnegie Public Library of the City of Clarksdale and the County of Coahoma, Mississippi. The joint venture was created to provide library facilities for the County residents and is governed by a ten-member board of commissioners, with five of the members appointed by Coahoma County and five by the City of Clarksdale. The County collected \$215,899. Complete financial statements for the Carnegie Public Library of the City of Clarksdale and the County of Coahoma can be obtained at P.O. Box 280, Clarksdale, Mississippi 38614.

#### (18) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints six of the twelve members of the college board of trustees. The County collected \$1,236,867 for maintenance and support of the college in fiscal year 2017.

North Delta Planning and Development District is comprised of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Coahoma County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$68,000 for support of the district in fiscal year 2017.

The Region I Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$55,250 for the support of the center in fiscal year 2017.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Coahoma County Board of Supervisors appoints one of the twenty-one members of the board of commissioners. The County levied a .75 mill tax which resulted in \$143,961 to help finance the district in fiscal year 2017.

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

#### (19) 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 possible an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

Description	Balance at September 30, 2017
Coahoma County, Mississippi Certificates of Participation, Series 2017	\$ 12,490,000

#### (20) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$22,410,813) 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 \$210,165 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 \$1,696,253 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 \$1,400,951 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of (\$22,410,813) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$72,259 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 16 years.

The governmental activities' unrestricted net position amount of (\$22,410,813) includes the effect of recognition of deferring the recognition of revenue resulting from deferred inflows from property taxes that belong to a future period. The balance of deferred inflows of resources at September 30, 2017 was \$8,137,266.

The business-type activities' unrestricted net position amount of (\$163,921) 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 \$1,192 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 \$9,623 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 \$7,948 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

#### (21) Tax Abatements

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to

## COAHOMA COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2017

disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Coahoma County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with four entities as of September 30, 2017.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies:

27-31-105, Mississippi Code Annotated 1972  
All allowable property tax levies

<u>Category</u>	<u>Percentage of taxes abated</u>	<u>Amount of taxes abated</u>
Expansion of manufacturing facilities	73%	\$ 71,871

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

#### (22) Subsequent Events

Events that occur after the statement of net position 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 Coahoma County evaluated the activity of the county through November 28, 2018, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

In the fall of 2018, the operator of the local hospital has filed for bankruptcy. The County may be put into a position of assuming control and operations of the hospital. This would bring the Hospital Reserve Fund into play. Money within this Fund would be used to finance operating costs.

## COAHOMA COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,590,561	5,132,380	5,132,383	3
Licenses, commissions and other revenue	498,510	503,380	503,383	3
Fines and forfeitures	138,000	117,708	117,710	2
Special assessments	7,500	4,905	4,905	-
Intergovernmental revenues	3,308,823	2,226,027	2,068,308	(157,719)
Charges for services	100,000	101,820	101,820	-
Interest income	7,124	6,350	8,502	2,152
Miscellaneous revenues	678,609	784,977	824,402	39,425
Total Revenues	<u>10,329,127</u>	<u>8,877,547</u>	<u>8,761,413</u>	<u>(116,134)</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,125,019	3,741,962	3,742,315	(353)
Public safety	4,344,064	4,277,230	4,253,277	23,953
Public works	1,398,039	869,172	294,933	574,239
Health and welfare	513,578	485,787	485,781	6
Culture and recreation	223,171	223,062	223,061	1
Education	10,000	10,000	10,000	-
Conservation of natural resources	104,241	90,193	90,192	1
Economic development and assistance	109,170	126,170	126,172	(2)
Debt service:				
Interest		395,939	116,910	279,029
Total Expenditures	<u>10,827,282</u>	<u>10,219,515</u>	<u>9,342,641</u>	<u>876,874</u>
Excess of Revenues over (under) Expenditures	<u>(498,155)</u>	<u>(1,341,968)</u>	<u>(581,228)</u>	<u>760,740</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	2,901,138	2,656,098	2,686,604	30,506
Other financing uses	(3,123,081)	(2,703,275)	(2,574,345)	128,930
Total Other Financing Sources (Uses)	<u>(221,943)</u>	<u>(47,177)</u>	<u>112,259</u>	<u>159,436</u>
Net Change in Fund Balance	(720,098)	(1,389,145)	(468,969)	920,176
Fund Balances - Beginning	<u>792,751</u>	<u>(182,281)</u>	<u>(4,019,629)</u>	<u>(3,837,348)</u>
Fund Balances - Ending	<u>\$ 72,653</u>	<u>(1,571,426)</u>	<u>(4,488,598)</u>	<u>(2,917,172)</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Airport Improvement Project  
 For the Year Ended September 30, 2017  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues		2,533,057	1,936,974	(596,083)
Miscellaneous revenues			17,887	17,887
Total Revenues	<u>-</u>	<u>2,533,057</u>	<u>1,954,861</u>	<u>(578,196)</u>
EXPENDITURES				
Current:				
Public works		2,533,057	2,533,056	1
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>(578,195)</u>	<u>(578,195)</u>
Net Change in Fund Balance	-	-	(578,195)	(578,195)
Fund Balances - Beginning				-
Fund Balances - Ending	<u>\$ -</u>	<u>-</u>	<u>(578,195)</u>	<u>(578,195)</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Road Fund  
 For the Year Ended September 30, 2017  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 707,368	553,771	553,773	2
Road and bridge privilege taxes	230,000	243,824	231,460	(12,364)
Licenses, commissions and other revenue	4,250	4,443	4,444	1
Intergovernmental revenues	725,500	745,786	745,788	2
Miscellaneous revenues	110,000	47,185	47,186	1
Total Revenues	<u>1,777,118</u>	<u>1,595,009</u>	<u>1,582,651</u>	<u>(12,358)</u>
EXPENDITURES				
Current:				
Public works	<u>1,928,259</u>	<u>2,497,504</u>	<u>2,298,853</u>	<u>198,651</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		60,000	60,000	-
Other financing uses			(15,938)	(15,938)
Total Other Financing Sources (Uses)	<u>-</u>	<u>60,000</u>	<u>44,062</u>	<u>(15,938)</u>
Net Change in Fund Balance	(151,141)	(842,495)	(672,140)	170,355
Fund Balances - Beginning	<u>(156,579)</u>	<u>(1,228,822)</u>	<u>(1,194,419)</u>	<u>34,403</u>
Fund Balances - Ending	<u>\$ (307,720)</u>	<u>(2,071,317)</u>	<u>(1,866,559)</u>	<u>204,758</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Economic Development Authority Fund  
 For the Year Ended September 30, 2017  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 114,025	108,847	108,849	2
Intergovernmental revenues	395,000	392,500	542,500	150,000
Interest income	40,434	37,870	37,870	-
Miscellaneous revenues	5,000	33,827	213,230	179,403
Total revenues	<u>554,459</u>	<u>573,044</u>	<u>902,449</u>	<u>329,405</u>
<b>EXPENDITURES</b>				
Current:				
Economic development and assistance	1,278,845	1,223,432	1,223,425	7
Debt Service:				
Principal	33,191	33,176	33,176	-
Total Expenditures	<u>1,312,036</u>	<u>1,256,608</u>	<u>1,256,601</u>	<u>7</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources			35,370	35,370
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>35,370</u>	<u>35,370</u>
Net Change in Fund Balance	(757,577)	(683,564)	(318,782)	364,782
Fund Balances - Beginning	<u>(558,149)</u>	<u>23,535</u>	<u>1,677,990</u>	<u>1,654,455</u>
Fund Balances - Ending	<u>\$ (1,315,726)</u>	<u>(660,029)</u>	<u>1,359,208</u>	<u>2,019,237</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Hospital Reserve Fund  
 For the Year Ended September 30, 2017  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 629,640	801,478	801,482	4
EXPENDITURES				
General government			36,828	(36,828)
Total Expenditures	-	-	36,828	(36,828)
Excess of Revenues over (under) Expenditures	629,640	801,478	764,654	(36,824)
OTHER FINANCING SOURCES (USES)				
Transfers out	(653,432)	(36,826)	(300,221)	(263,395)
Total Other Financing Sources (Uses)	(653,432)	(36,826)	(300,221)	(263,395)
Net Change in Fund Balance	(23,792)	764,652	464,433	(300,219)
Fund Balances - Beginning	44,314,764	44,268,108	44,268,108	-
Fund Balances - Ending	\$ 44,290,972	45,032,760	44,732,541	(300,219)

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

**Coahoma County, Mississippi**  
**Required Supplementary Information**  
**Schedule of the County's Proportionate Share of the Net Pension Liability PERS**  
**Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.078800%	0.079877%	0.081414%
County's proportionate share of the net pension liability (asset)	13,099,234	14,268,027	12,584,999
County's covered employee payroll	5,057,177	5,140,258	5,148,311
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259.02%	277.57%	244.45%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

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

1. The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.
2. 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 the information is available.

**Coahoma County, Mississippi**  
**Required Supplementary Information**  
**Schedule of County Contributions**  
**PERS**  
**Last 10 years**

	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Contractually required contribution	\$ 806,745	812,288	810,859
Contributions in relation to the contractually required contribution	<u>806,745</u>	<u>812,288</u>	<u>810,859</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>\$ -</u>
County's covered-employee payroll	5,122,185	5,157,379	5,148,311
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

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

1. 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 the information is available.

## COAHOMA COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2017 Unaudited

#### Notes to the Required Supplementary Information

##### A. Budgetary Information

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

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

##### B. Basis of Presentation

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

##### C. Budget/GAAP Reconciliation

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

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

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



# COAHOMA COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2017 Unaudited

	Governmental Fund Types				
	General Fund	Airport Improvement Project Fund	Road Fund	Economic Development Authority Fund	Hospital Reserve Fund
Budget (Cash Basis)	\$ (468,969)	(578,195)	(672,140)	(318,782)	464,433
Increase (Decrease)					
Net adjustments for revenue accruals	10,377,008	308,123	4,873	(88,004)	847,317
Net adjustments for expenditure accruals	<u>(10,344,625)</u>	<u>158,848</u>	<u>29,121</u>	<u>228,890</u>	
GAAP Basis	<u>\$ (436,586)</u>	<u>(111,224)</u>	<u>(638,146)</u>	<u>(177,896)</u>	<u>1,311,750</u>

### D. Excess of Actual Expenditures Over Budget in Individual Funds

There were no funds with an excess of actual expenditures over budget.

### E. Unbudgeted Funds

The County had three funds which were not budgeted: Fund 045 – AIP 3-28-0015-022-2015 with expenditures of \$3,260; Fund 053 – CC East Park Drainage Project with expenditures of \$6,299; Fund 129 – WFF-2015-1366 CCYO with expenditures of \$48,921.

### **Pension Schedules**

#### *Changes of assumptions.*

- 2017
  - The expectation of retired life mortality was changed to the RP-2014 Health Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disable lives.
  - The wage inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirements 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%.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 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.

*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.

## COAHOMA COUNTY

## SUPPLEMENTARY INFORMATION

## COAHOMA COUNTY

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COAHOMA COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Office of Community Planning and Development				
Passed through Mississippi Rural Development Authority				
Community Development Block Grants / State's program and non-entitlement grants in Hawaii	14.228	1131-14-014-ED-01		2,251
Community Development Block Grants / State's program and non-entitlement grants in Hawaii	14.228	1131-14-014-ED-02		221,763
Total U.S. Department of Housing and Urban Development				<u>224,014</u>
<b>U.S. Department of Justice</b>				
Passed-through Mississippi Department of Public Safety				
Office for Victims of Crimes				
Crime Victim Assistance	16.575	2015 VA 028		31,769
Crime Victim Assistance	16.575	2016 VA 028		10,758
Total U.S. Department of Justice				<u>42,527</u>
<b>U.S. Department of Transportation</b>				
Federal Aviation Administration - Direct Awards				
Airport Improvement Program	20.106	3-28-0014-021-2014	*	8,414
Airport Improvement Program	20.106	3-28-0015-022-2015	*	2,933
Airport Improvement Program	20.106	3-28-0014-023-2016	*	2,122,563
Highway Planning and Construction Cluster				
Federal Highway Administration				
Passed-through Mississippi Department of Transportation				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STP-0052-00(011)	*	572,630
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STP-0014-00(015)	*	560,451
Passed-through Mississippi Department of Wildlife, Fisheries and Parks				
Recreational Trails Program	20.219	28-RTP-241	*	15,755
Total Highway Planning and Construction Cluster				<u>1,148,836</u>
National Highway Safety Administration				
Passed-through Mississippi Department of Transportation				
Alcohol Open Container Requirements	20.607	15ST114-1		17,172
Total U.S. Department of Transportation				<u>3,299,918</u>

COAHOMA COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
Federal Emergency Management Agency			
Passed-through Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	1604-514	<u>525,830</u>
Total Expenditures of Federal Awards			<u><u>4,092,289</u></u>

\* Denotes major federal award program

NOTES TO SCHEDULE

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Coahoma County under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Coahoma County, it is not intended and does not present the financial position, changes in net assets, or cash flows of Coahoma County, Mississippi.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - De Minimis Indirect Cost Rate

Coahoma County has elected not to use the 10 percent *de minimus* indirect cost rate allowed under the Uniform Guidance.

## COAHOMA COUNTY

## OTHER INFORMATION

## COAHOMA COUNTY

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

Name	Position	Company	Bond
Paul Pearson	Supervisor District 1	Travelers	\$100,000
Pat Davis	Supervisor District 2	Travelers	\$100,000
Darrell Washington	Supervisor District 3	Western Surety	\$100,000
John Newson	Supervisor District 4	Brierfield	\$100,000
Will Young	Supervisor District 5	Brierfield	\$100,000
Daniel Vassel	County Administrator	Brierfield	\$100,000
Donna McPherson	Comptroller	Western Surety	\$100,000
Felicia Elmore	Payroll Clerk	Brierfield	\$50,000
Carolyn Parham	Chancery Clerk	Brierfield	\$100,000
Lakistsha Jordan	Chancery Clerk Deputy	Western Surety	\$50,000
Alice Foster	Chancery Clerk Deputy	Western Surety	\$50,000
Rosalyn Washington	Chancery Clerk Deputy	Brierfield	\$50,000
Deloris Small	Purchase Clerk	Brierfield	\$75,000
Alice Foster	Receiving Clerk	Western Surety	\$75,000
Nancy Chiles	Assistant Receiving Clerk	Western Surety	\$50,000
Mary Dilley	Assistant Receiving Clerk	Western Surety	\$50,000
Darlene Lake	Assistant Receiving Clerk	Western Surety	\$50,000
Lester Myles	Assistant Receiving Clerk	Western Surety	\$50,000
John Tarzi	Assistant Receiving Clerk	Western Surety	\$25,000
Barbara Ann Johnson	Assistant Receiving Clerk	Western Surety	\$50,000
Reginio Booker	Assistant Receiving Clerk	Western Surety	\$50,000
Stanley Lynom	Assistant Receiving Clerk	Brierfield	\$50,000
Lester Myles	Road Manager	Brierfield	\$50,000
John Rybolt	Constable	Western Surety	\$50,000
Floyd Williams	Constable	Brierfield	\$50,000
Demetria Jackson	Circuit Clerk	Brierfield	\$50,000
Nancy Chiles	Circuit Clerk Deputy	Brierfield	\$50,000
Charles Jones	Sheriff	Brierfield	\$100,000
Brenda Prewitt	Sheriff Deputy	Brierfield	\$50,000
Fernando Bee	Sheriff Deputy	Western Surety	\$50,000
Mario Magsby	Sheriff Deputy	Western Surety	\$50,000
Myette Dawson	Sheriff Deputy	Brierfield	\$50,000
Neal Mitchell	Sheriff Deputy	Brierfield	\$50,000
Oliver Mitchell	Sheriff Deputy	Brierfield	\$50,000
Solomon Gray Sr	Sheriff Deputy	Brierfield	\$50,000
Jessie Burton	Justice Court Judge	Brierfield	\$50,000
Anthony Rogers	Justice Court Judge	Brierfield	\$50,000
Tyrus Jones	Deputy Justice Court Clerk	Western Surety	\$50,000
Darlene Lake	Justice Court Clerk	Western Surety	\$50,000
Mary Johnson	Deputy Justice Court Clerk	Western Surety	\$50,000
Reginle Booker	Deputy Justice Court Clerk	Western Surety	\$50,000

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

Name	Position	Company	Bond
Hattie Shivers	Tax Collector-Assessor	Brierfield	\$100,000
Willie Hogan	Deputy Treasurer	Western Surety	\$100,000
Becky Hurst	Tax Collector Deputy	Brierfield	\$50,000
Cierra Citchens	Tax Collector Deputy	Western Surety	\$50,000
Genie Wall	Tax Collector Deputy	Brierfield	\$50,000
Janice Blaine	Tax Collector Deputy	Brierfield	\$50,000
Scotty Meredith	Corner	Employers Mutual Casualty	\$50,000
Roger Harris	Assistant Corner	Brierfield	\$50,000

## COAHOMA COUNTY

## SPECIAL REPORTS

## COAHOMA COUNTY

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

Members of the Board of Supervisors  
Coahoma County, Mississippi

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, (the County) as of and for the year ended September 30, 2017, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 28, 2018.

**Internal Control Over Financial Reporting**

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003 and 2017-004 to be significant deficiencies.

**Compliance and Other Matters**

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

We also noted a certain matter that we reported to management of Coahoma County, Mississippi, in the Limited Internal Control and Compliance Review Management Report, dated November 28, 2018, included within this document.

### **Coahoma County's Responses to Findings**

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

### **Purpose of this Report**

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

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 28, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors  
Coahoma County, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited Coahoma County, Mississippi's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Coahoma County, Mississippi's major federal program for the year ended September 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Coahoma County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Coahoma County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Cost as item 2017-005. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-005, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this report**

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

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 28, 2018



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

Members of the Board of Supervisors  
Coahoma County, Mississippi

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

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

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Coahoma County, Mississippi, 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.

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 28, 2018

COAHOMA COUNTY

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

Schedule 1

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

COAHOMA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2017

Schedule 2

Our test results did not identify any emergency purchases.

COAHOMA COUNTY

Schedule 3

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

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

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Coahoma County, Mississippi

In planning and performing our audit of the financial statements of Coahoma County, Mississippi for the year ended September 30, 2017 we considered Coahoma County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Coahoma County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 28, 2018 on the financial statements of Coahoma 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 a certain area that is an opportunity for strengthening internal control and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Chancery Clerk

1. Salary Cap

Finding

The annual report for the Chancery Clerk's salary cap should be filed and any amount over the cap should be paid by April 15<sup>th</sup> of the subsequent year. The amount due for the 2016 salary cap of \$43,132 was not settled to the County until December 14, 2017. The amount due for the 2017 salary cap of \$31,610 was not settled to the County until June 11, 2018. Amended salary cap reports were filed for 2016 and 2017. The additional amount due on the 2016 salary cap was \$7,464.49 and the additional amount due on the 2017 salary cap was \$19,685.79.

Recommendation

Comply with code section 9-1-45, *Mississippi Code of 1972 Annotated* requiring annual reports to be submitted and settlements made by April 15<sup>th</sup> of the following year.

Chancery Clerk's Response

The amounts due on the amended salary cap reports were paid to the County on November 20, 2018. Progress continues to be made toward improving the bookkeeping system so that reports can be timely filed in the future.

2. Deposit of County payments

Finding

Payments from the County were posted into the Chancery Clerk's fee journal. However, the payments from the County were not deposited into the fee bank account. Based on inquiries made, it appears the payments were deposited into the Clerk's personal bank account.

Recommendation

In order to follow state guidelines, deposits from the County should be deposited into the Chancery Clerk fee account.

Chancery Clerk's Response

The procedure was corrected in April 2018 after the matter was brought to my attention on the previous audit.

3. Minutes

Finding

Code section 19-3-27, *Mississippi Code of 1972 Annotated* provides the clerk of the Board of Supervisors to keep and preserve a complete and correct record of all the proceedings and orders to the Board. The minutes should be adopted and approved by the Board of Supervisors as the first order of business on the first day of the next monthly meeting of the Board. When reviewing the minutes for subsequent events, the minutes from March 2018 through October 2018 were not available for review.

Recommendation

Minutes of Board meetings should be preserved in proper form on a timely basis.

Chancery Clerk's Response

The minutes will be up to date by December 31, 2018.

Board of Supervisors

4. Finding

Code section 19-11-11 *Mississippi Code of 1972 Annotated* provides that the total expenditures of each fund should be budgeted. We noted that Fund 045 AIP 3-28-0015-022-2015; Fund 053 CC East Park Drainage Project; and Fund 129 WFF-2015-1366 CCYO were not budgeted. The expenditures for each of these three funds were \$3,259.00; \$6,299.03 and \$48,919.74 respectively.

Recommendation

Comply with Code Section 19-11-11 *Mississippi Code of 1972 Annotated*.

Board of Supervisor's Response

In the event when the County receives a grant not budgeted for, we are making budget amendments on a monthly basis to cover those costs until reimbursements are received.

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

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

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 28, 2018

COAHOMA COUNTY

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COAHOMA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## COAHOMA COUNTY

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## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs 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:                              | Unmodified |
| 2. | Internal control over financial reporting:  |            |
|    | a. Material weaknesses identified?  | Yes        |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses. | Yes        |
| 3. | Noncompliance material to the financial statements?                                       | No         |

##### ***Federal Awards:***

- |    |  |            |
|----|--|------------|
| 4. | Internal control over major programs:  |            |
|    | a. Material weaknesses identified?   | No         |
|    | b. Significant deficiency identified that is not considered to be a material weakness?             | Yes        |
| 5. | Type of auditor's report issued on compliance for major federal programs:                          | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes        |
| 7. | Federal programs identified as major programs:   |            |
|    | a. Airport Improvement Program, CFDA# 20.106   |            |
|    | b. Highway Planning and Construction Cluster CFDA # 20.205, CFDA # 20.219                          |            |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                       | \$750,000  |
| 9. | Auditee qualified as a low-risk auditee?   | No         |

# COAHOMA COUNTY

## Schedule of Findings and Questioned Costs For the year ended September 30, 2017

### Section 2: Financial Statement Findings

#### Board of Supervisors

#### Material Weaknesses

#### 2017-001      Finding

##### Criteria

An effective internal control system over financial statement preparation and reporting in accordance with generally accepted accounting principles should enable a government to properly prepare and present financial statements, notes to the financial statements, required supplementary information and supplementary information as required by accounting principles generally accepted in the United States of America.

##### Condition

The County does not have in place the necessary internal control structure to properly prepare and present its financial statements in accordance with accounting principles generally accepted in the United States of America. This condition is essentially a repeat of prior year findings 2015-001 and 2016-001.

##### Cause

At September 30, 2017, the County's comptroller held a CPA license. She had the ability to prepare the financial statements; however, due to the time restraints of the comptroller, the external auditor assisted in preparation of the financial statements.

##### Effect

The comptroller has more detail knowledge of the day to day County operations. The financial statement preparation could be done more efficiently and timely by the comptroller.

##### Recommendation

Due to the complex nature of the County's report, the County should put into place controls which allow its own personnel to draft the financial statements, notes to the financial statements, schedule of expenditures of federal awards, and necessary supplementary information. Another option would be to outsource this task to another firm or qualified individual.

##### View of Responsible Officials

The County is looking into the cost benefit in performing these functions internally.

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2017

2017-002

#### Finding

#### Criteria

The County uses a pooling approach for bank balances. Generally only one or two bank accounts are maintained for the County. The County has numerous funds on the books which reflect bank balances. Each of the fund's bank balances are pooled with the other funds to comprise an overall bank account. Thus, each fund does not have a separate bank account but the account on the books representing a funds bank balance should have the same impact as if each fund had it's own bank account. A fund's bank account balance should not be negative.

#### Condition

The County bid for a new bank depository was performed in January 2017. Planters Bank was selected as the new depository. Southern Bancorp was the previous depository. A new bank account was opened at Planters Bank; however, the old Southern Bancorp account was not closed. Generally, a fund in the general ledger would show only one bank balance and it should be a positive number. Some funds in the general ledger have as many as three bank accounts and large numbers of funds have at least one bank account showing a negative bank balance. The September 30, 2017 bank reconciliation for the Southern Bancorp account reflected 25 funds with negative bank balances. The September 30, 2017 bank reconciliation for Planters Bank reflected 7 funds with a negative bank balance. The September 30, 2017 bank reconciliation for First National Bank reflected 3 funds with a negative bank balance.

#### Cause

The negative cash balances in some cases represent the County's match under a grant. To clear up the negative cash balance a transfer from the general fund is needed. The journal entry to clear up the negative cash balances was not made.

#### Effect

The effect has already been seen by the Board in the budget setting process. Knowing how much money you have and where you have it is the starting point for the budget process. Funds with a negative cash balance in effect represent a loan from another fund which is not being properly recognized.

#### Recommendation

**Immediate action** is needed to address this issue. The bank account with Southern Bancorp should be closed as the Board authorized Planters Bank to the County depository. The bank account balances on the books need to be combined so that each fund reflects only one bank balance. Further action is necessary if a fund combines the bank balances and the overall balance is still negative. This represents a loan to that particular fund and should be recognized and treated as such.

#### View of Responsible Officials

The County has moved all County Depository Funds to Planters Bank. The account at Southern Bancorp is strictly to maintain Hospital Reserve Funds.

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2017

#### Significant deficiency/immaterial noncompliance

2017-003      Finding

Please see Finding 2017-005.

#### Significant deficiency

2017-004      Finding

##### Criteria

Fund balance has been referred to in accounting literature as the health of the fund. A positive fund balance means that over time conditions have been favorable for the fund. A negative fund balance indicates conditions have not been favorable and that some type of future action may become necessary.

##### Condition

Note 14 to the financial statements provides a list of funds that over time have developed a negative fund balance.

##### Cause

In some of the negative fund balance cases the County has had grants for particular projects. The projects may have contained a local match provision. Some of the negative fund balances could represent a transfer which has not taken place to the fund to clear up a match the County made. Other funds may need a case by case evaluation to determine why their fund balance is negative. As these balances have developed over time it will take time in some of the cases to bring the funds back to at least a zero fund balance.

##### Effect

The effect of a negative fund balance is a draining of resources. Some may represent a planned occurrence while others may not.

##### Recommendation

A review of the negative balances should be made and appropriate actions should begin to correct the negative fund balances to at least a zero balance. Work in this area may overlap with work on Finding 2017-002.

##### Views of Responsible Officials

The previous administration and comptroller did not perform the necessary accounting procedures to correct this action. The new administration and comptroller are working to correct these problems.

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2017

#### Section 3: Federal Award Findings and Questioned Costs

##### Significant Deficiency/immaterial noncompliance

2017-005

##### Finding

##### Program

CFDA 20.106, Direct Award, Airport Improvement Program  
CFDA 20.205, Highway Planning and Construction (Federal Aid Highway Program), Passed-through Mississippi Department of Transportation  
CFDA 20.219, Recreational Trails Program, Passed-through Mississippi Department of Wildlife, Fisheries and Parks

##### Compliance Requirement

##### Reporting

##### Criteria

The Uniform Guidance Section 200-512 provides that the audit report and data collection form should be completed within nine months of year end.

##### Condition

The audit report and data collection forms were not completed within the required time frame.

##### Cause

As noted in Finding 2017-001, the County lacks a proper internal control system which will result in the timely preparation of its financial statements and its data collection form.

##### Possible effect

The possible effect of the condition could lead to temporary or permanent loss of future grant funds.

##### Questioned Costs

None

##### Perspective

Governmental accounting has become a very complex environment. Preparation of governmental financial statements involves knowledge of the standards issued by the Government Accounting Standards Board. The County should either have on staff an individual with the necessary knowledge, skill and experience to prepare financial statements or the job should be outsourced to an appropriate party with the knowledge, skills and experience to provide such a service.

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2017

#### Repeat finding

The finding is similar to Finding 2016-004 in the prior year. The prior year finding was reported for a different federal program – CFDA 14.228, Community Development Block Grants/State’s program and non-entitlement grants in Hawaii.

#### Recommendation

Financial statements and the data collection form should be completed within nine months of year end in those years federal expenditures are in excess of \$750,000.

#### Views of Response Officials

The County is looking into the cost benefit in performing these functions internally.



COAHOMA COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN  
AND  
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS

COAHOMA COUNTY

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# Coahoma County

## Board of Supervisors

Paul Pearson, President  
District 1  
Johnny Newson, District 4  
*Vice President*  
Pat Davis, District 2  
Derrel Washington, District 3  
Will Young, District 5

Morgan Wood  
**County Administrator**  
Tom T Ross, Jr.  
**Board Attorney**

P.O. Box 579  
Clarksdale, MS 38614  
662.624.3028 – office  
662.624.3029 – fax  
ccadmin@cableone.net

### AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 200.511 of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Coahoma County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questions Costs for the year ended September 30, 2017.

<u>Finding</u>	<u>Corrective Action Plan</u>
----------------	-------------------------------

2017-001	a. Name of contact person responsible for corrective action:
----------	--

	Name: Morgan Wood Title: County Administrator Phone: 662-624-3028
--	---

	b. Corrective Action Planned:
--	-------------------------------

	The County is looking into the cost benefit in performing these functions internally.
--	---

	c. Anticipated Completion Date:
--	---------------------------------

	September 30, 2019
--	--------------------

2017-002	a. Name of contact person responsible for corrective action:
----------	--

	Name: Morgan Wood Title: County Administrator Phone: 662-624-3028
--	---

	b. Corrective Action Planned:
--	-------------------------------

	The County has moved all County Depository Funds to Planters Bank. The account at Southern Bancorp is strictly to maintain Hospital Reserve Funds.
--	--

	c. Anticipated Completion Date:
--	---------------------------------

	September 30, 2018
--	--------------------

2017-003 a. Name of contact person responsible for corrective action:

Name: Morgan Wood  
Title: County Administrator  
Phone: 662-624-3028

b. Corrective Action Planned:

The previous administration and comptroller during this FY did not perform the necessary accounting procedures to correct this action. The new administration and comptroller are working to correct these problems.

c. Anticipated Completion Date:

September 30, 2018

2017-004 a. Name of contact person responsible for corrective action:

Name: Morgan Wood  
Title: County Administrator  
Phone: 662-624-3028

b. Corrective Action Planned:

The previous administration and comptroller during this FY did not perform the necessary accounting procedures to correct this action. The new administration and comptroller are working to correct these problems.

c. Anticipated Completion Date:

September 30, 2018

2017-005 a. Name of contact person responsible for corrective action:

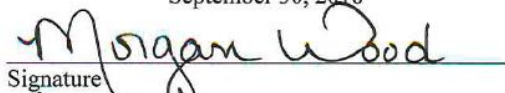
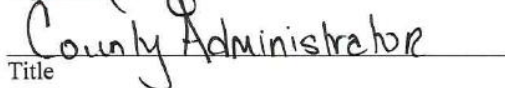
Name: Morgan Wood  
Title: County Administrator  
Phone: 662-624-3028

b. Corrective Action Planned:

The previous administration and comptroller during this FY did not perform the necessary accounting procedures to correct this action. The new administration and comptroller are working to correct these problems.

c. Anticipated Completion Date:

September 30, 2018

  
Signature  
  
Title



# Coahoma County

## Board of Supervisors

Paul Pearson, President  
District 1  
Johnny Newson, District 4  
*Vice President*  
Pat Davis, District 2  
Derrel Washington, District 3  
Will Young, District 5

Morgan Wood  
**County Administrator**  
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### AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS 2 CFR 200.511(b)

#### Finding

2016-001 Summary

Financial Statement Preparation

#### Status

Not corrected.

#### Additional Information

Consideration is being given, however, no conclusion has been reached.

2016-002 Summary

Audit report and Data Collection Form not completed within 9 months.

#### Status

Not corrected.

#### Additional Information

County is attempting to be compliant.

Finding

2016-003 Summary

Labor Standards Provisions

Status

Corrective action taken and finding is fully corrected.

Additional Information

N/A

2016-004 Summary

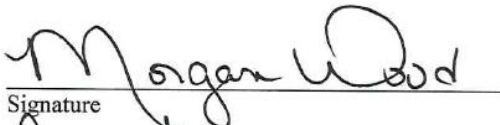
Audit report and Data Collection Form not completed within 9 months.

Status

Not corrected.

Additional Information

County is attempting to be compliant.

  
Signature

County Administrator  
Title