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MONROE COUNTY, MISSISSIPPI

Audited Financial Statements

And

Special Reports

For the Year Ended September 30, 2017

MONROE COUNTY
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MONROE COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

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Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Monroe 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, the aggregate remaining fund information and the related notes of Monroe County, Mississippi, as of and for the year ended September 30, 2017, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Omission of Required Supplementary Information

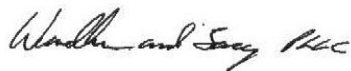
Monroe County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2018, on our consideration of Monroe County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC
February 2, 2018

MONROE COUNTY

FINANCIAL STATEMENTS

MONROE COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 21,177,960	1,447,834	22,625,794
Accrued interest receivable	12,975	902	13,877
Property tax receivable	12,310,638	148,000	12,458,638
Accounts receivable (net of allowance for uncollectibles of \$694,843)		548,407	548,407
Fines receivable (net of allowance for uncollectibles of \$1,475,016)	237,264		237,264
Capital leases receivable	1,893,892		1,893,892
Intergovernmental receivables	276,050		276,050
Other receivables	17,064		17,064
Prepaid debt service costs	389,944		389,944
Restricted assets:			
Investments	1,762,189		1,762,189
Internal balances	(2,666)	2,666	
Capital assets:			
Land and construction in progress	1,608,076	76,880	1,684,956
Other capital assets, net	56,145,189	1,287,072	57,432,261
Total Assets	<u>95,828,575</u>	<u>3,511,761</u>	<u>99,340,336</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,664,427	224,732	2,889,159
Deferred amount on refunding	67,531		67,531
Total Deferred Outflows of Resources	<u>2,731,958</u>	<u>224,732</u>	<u>2,956,690</u>
LIABILITIES			
Claims payable	911,291	68,617	979,908
Intergovernmental payables	355,236		355,236
Accrued interest payable	77,786		77,786
Fees paid in advance		120,852	120,852
Amounts held in custody for others	105,051		105,051
Other payables	11,342		11,342
Claims and judgments payable	65,179		65,179
Compensated absences	451,059	28,892	479,951
Long-term liabilities:			
Due within one year:			
Capital debt	1,843,593	353,942	2,197,535
Non-capital debt	255,000		255,000
Due in more than one year:			
Capital debt	7,180,126	505,826	7,685,952
Non-capital debt	2,498,694		2,498,694
Net pension liability	16,591,398	1,355,052	17,946,450
Total Liabilities	<u>30,345,755</u>	<u>2,433,181</u>	<u>32,778,936</u>

(Continued)

MONROE COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unearned interest on capital leases	168,351		168,351
Deferred inflows related to pensions	1,409,842	107,749	1,517,591
Property tax for future reporting period	12,310,638	148,000	12,458,638
Total Deferred Inflows of Resources	13,888,831	255,749	14,144,580
NET POSITION			
Net investment in capital assets	48,752,490	504,184	49,256,674
Restricted for:			
Expendable:			
General government	1,433,720		1,433,720
Debt service	3,736,366		3,736,366
Public safety	1,083,732		1,083,732
Public works	1,921,262	543,379	2,464,641
Health and welfare	492,026		492,026
Economic development	6,722,733		6,722,733
Culture and recreation	100,095		100,095
Unemployment compensation	30,539		30,539
Medical claims	813,278		813,278
Unrestricted	(10,760,294)		(10,760,294)
Total Net Position	\$ 54,325,947	1,047,563	55,373,510

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 6,481,552	2,885,323	7,890		(3,588,339)		(3,588,339)
Public safety	5,923,212	907,066	294,358		(4,721,788)		(4,721,788)
Public works	6,120,215	178,584	738,677	144,994	(5,057,960)		(5,057,960)
Health and welfare	372,489		125,811		(246,678)		(246,678)
Culture and recreation	115,763				(115,763)		(115,763)
Conservation of natural resources	231,004				(231,004)		(231,004)
Economic development and assistance	449,064		248		(448,816)		(448,816)
Interest on long-term debt	430,852				(430,852)		(430,852)
Pension expense	2,536,651				(2,536,651)		(2,536,651)
Total Governmental Activities	22,660,802	3,970,973	1,166,984	144,994	(17,377,851)	0	(17,377,851)
Business-type activities:							
Solid waste	2,388,746	2,296,947	125,371	0	0	33,572	33,572
Total Primary Government	\$ 25,049,548	6,267,920	1,292,355	144,994	(17,377,851)	33,572	(17,344,279)
General Revenues, Capital Contributions and Transfers:							
Property taxes					\$ 14,306,542	180,438	14,486,980
Road & bridge privilege taxes					437,705		437,705
Grants and contributions not restricted to specific programs					1,535,222		1,535,222
Unrestricted interest income					112,627	3,419	116,046
Capital contribution					(15,156)	15,156	
Disposal of capital assets						23,174	23,174
Miscellaneous					550,325		550,325
Transfers					11,759	(11,759)	
Total General Revenues, Capital Contributions and Transfers					16,939,024	210,428	17,149,452
Changes in Net Position					(438,827)	244,000	(194,827)
Net Position -Beginning					54,764,774	803,563	55,568,337
Net Position - Ending					\$ 54,325,947	1,047,563	55,373,510

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

MONROE COUNTY
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Countywide Road Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 7,843,715	2,057,367	10,390,877	20,291,959
Investments			1,762,189	1,762,189
Accrued interest receivable	4,131	526	7,805	12,462
Property tax receivable	6,558,962	3,770,188	1,981,488	12,310,638
Fines receivable (net of allowance for uncollectibles of 1,475,016)	237,264			237,264
Capital lease receivable			1,893,892	1,893,892
Intergovernmental receivables	254,287		21,763	276,050
Other receivables	8,379		8,685	17,064
Prepaid debt service costs			389,944	389,944
Due from other funds		90,092	31,210	121,302
Advances to other funds	103,904			103,904
	<u>103,904</u>	<u></u>	<u></u>	<u>103,904</u>
Total Assets	\$ <u>15,010,642</u>	<u>5,918,173</u>	<u>16,487,853</u>	<u>37,416,668</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 641,657	226,017	43,617	911,291
Intergovernmental payables	331,951			331,951
Prepaid rent			11,342	11,342
Amounts held in custody for others	105,051			105,051
Due to other funds	147,253			147,253
Advances from other funds		95,847		95,847
Total Liabilities	<u>1,225,912</u>	<u>321,864</u>	<u>54,959</u>	<u>1,602,735</u>
Deferred Inflows of Resources:				
Property tax for future reporting period	6,558,962	3,770,188	1,981,488	12,310,638
Unavailable revenue - fines	237,264			237,264
Unavailable revenue - principal and interest on capital leases			1,893,892	1,893,892
Total Deferred Inflows of Resources	<u>6,796,226</u>	<u>3,770,188</u>	<u>3,875,380</u>	<u>14,441,794</u>

(Continued)

MONROE COUNTY
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	<u>Major Funds</u>			
	General	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
	Fund	Fund	Funds	Funds
Fund Balances:				
Nonspendable:				
Prepaid items			389,944	389,944
Advances	103,904			103,904
Restricted for:				
General government			1,433,720	1,433,720
Public safety			1,273,298	1,273,298
Public works		1,826,121	247,568	2,073,689
Health and welfare			492,026	492,026
Economic development and assistance			4,997,192	4,997,192
Debt service			3,424,209	3,424,209
Unemployment compensation			30,539	30,539
Committed to:				
Public works			168,923	168,923
Culture and recreation			100,095	100,095
Unassigned	6,884,600			6,884,600
Total Fund Balances	<u>6,988,504</u>	<u>1,826,121</u>	<u>12,557,514</u>	<u>21,372,139</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,010,642</u>	<u>5,918,173</u>	<u>16,487,853</u>	<u>37,416,668</u>

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

MONROE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2017

Total Fund Balance - Governmental Funds	\$	21,372,139
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$90,304,339.	57,753,265
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	237,264
--	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(12,228,472)
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Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(77,786)
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Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,725,541
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Deferred amount on refunding	67,531
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Pension Obligations

Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(16,591,398)

Deferred inflows/outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pension obligations	2,664,427
Deferred inflows of resources related to pension obligations	<u>(1,409,842)</u>
	(15,336,813)

Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>813,278</u>
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Total Net Position - Governmental Activities	\$	<u>54,325,947</u>
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The notes to the financial statements are an integral part of this statement.

MONROE COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2017

Exhibit 4

	Major Funds			
	General	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 7,557,508	4,317,027	2,432,007	14,306,542
Road and bridge privilege taxes		437,705		437,705
Licenses, commissions and other revenue	597,877		41,767	639,644
Fines and forfeitures	493,111		24,231	517,342
Intergovernmental revenues	1,855,315	805,270	186,615	2,847,200
Charges for services	427,382		534,503	961,885
Interest income	19,966	2,566	90,095	112,627
Miscellaneous revenues	109,728	4,907	367,605	482,240
Total Revenues	<u>11,060,887</u>	<u>5,567,475</u>	<u>3,676,823</u>	<u>20,305,185</u>
EXPENDITURES				
Current:				
General government	4,688,639		153,170	4,841,809
Public safety	5,054,360		1,059,864	6,114,224
Public works	99,998	5,888,881	495,445	6,484,324
Health and welfare	385,630		5,060	390,690
Culture and recreation	97,500		18,972	116,472
Conservation of natural resources	189,899			189,899
Economic development and assistance	391,241		71,536	462,777
Debt service:				
Principal	141,475	672,020	1,631,419	2,444,914
Interest	23,101	20,146	371,183	414,430
Fiscal agent fees			5,820	5,820
Total Expenditures	<u>11,071,843</u>	<u>6,581,047</u>	<u>3,812,469</u>	<u>21,465,359</u>
Excess of Revenues over (under) Expenditures	<u>(10,956)</u>	<u>(1,013,572)</u>	<u>(135,646)</u>	<u>(1,160,174)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	124,300	828,939		953,239
Compensation for loss of capital assets			4,292	4,292
Proceeds from sale of capital assets	22,167	606,000		628,167
Transfers in		10,000	720,569	730,569
Transfers out	(51,690)	(5,863)	(684,124)	(741,677)
Lease principal payments			267,172	267,172
Total Other Financing Sources and Uses	<u>94,777</u>	<u>1,439,076</u>	<u>307,909</u>	<u>1,841,762</u>
Net Changes in Fund Balances	83,821	425,504	172,263	681,588
Fund Balances - Beginning	<u>6,904,683</u>	<u>1,400,617</u>	<u>12,385,251</u>	<u>20,690,551</u>
Fund Balances - Ending	\$ <u>6,988,504</u>	<u>1,826,121</u>	<u>12,557,514</u>	<u>21,372,139</u>

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

MONROE 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

Net Changes in Fund Balances - Governmental Funds	\$	681,588
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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 is as follows: differs from the change in fund balances by the amount that capital expenditures of \$1,617,655 was exceeded by depreciation of \$1,898,010 in the current period.	(280,355)
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In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$38,556 and the proceeds from the sale of \$628,167 in the current period.	(589,611)
--	-----------

In the Statement of Activities, transfers of fixed assets from governmental activities to business-type activities are reported, where in the governmental funds, the proceeds increase financial resources. Thus, the change in net position differs from the change in fund balance by the amount of the transfer.	(15,156)
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Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	10,037
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Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$2,444,914 and amortization of bond discounts and premiums of \$8,577 exceeded debt proceeds of \$953,239.	1,483,098
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(Continued)

MONROE 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

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

The decrease in compensated absences	39,247
The decrease in accrued interest payable	9,987
The decrease in refunding charges on long-term debt	(17,832)
Other	

Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recognition of pension expense for the current year	(2,536,651)	
Recognition of contributions made subsequent to the measurement date	255,632	
Recognition of contributions made in the fiscal year prior to the measurement date	<u>765,494</u>	(1,515,525)

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases. (267,172)

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. 22,867

Change in Net Position of Governmental Activities \$ (438,827)

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

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

Exhibit 5

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
ASSETS		
Current assets:		
Cash	\$ 1,447,834	886,001
Accrued interest receivable	902	513
Property tax receivable	148,000	
Accounts receivable (net of allowance for uncollectibles of \$694,843)	548,407	
Due from other funds	2,666	
Advances to other funds		95,847
Total current assets	<u>2,147,809</u>	<u>982,361</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress	76,880	
Other capital assets, net	<u>1,287,072</u>	
Total noncurrent assets	<u>1,363,952</u>	<u>0</u>
Total Assets	<u>3,511,761</u>	<u>982,361</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>224,732</u>	
Total Deferred Outflows of Resources	<u>224,732</u>	<u>0</u>
LIABILITIES		
Current liabilities:		
Claims payable	68,617	
Claims and judgments payable		65,179
Advances from other funds		103,904
Fees paid in advance	120,852	
Compensated absences	28,892	
Capital debt:		
Capital leases payable	<u>353,942</u>	
Total current liabilities	<u>572,303</u>	<u>169,083</u>
Noncurrent liabilities:		
Capital debt:		
Capital leases payable	505,826	
Net pension liability	<u>1,355,052</u>	
Total noncurrent liabilities	<u>1,860,878</u>	<u>0</u>
Total Liabilities	<u>2,433,181</u>	<u>169,083</u>
DEFERRED INFLOWS OF RESOURCES		
Property tax for future reporting period	148,000	
Deferred inflows related to pensions	<u>107,749</u>	
Total Deferred Inflows of Resources	<u>255,749</u>	<u>0</u>

(Continued)

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

Exhibit 5

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
NET POSITION		
Net investment in capital assets	504,184	
Restricted for:		
Medical claims		813,278
Public works	543,379	
Total Net Position	\$ 1,047,563	813,278

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

MONROE COUNTY
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2017

Exhibit 6

	Business-type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
	Solid Waste Fund	Insurance Fund
OPERATING REVENUES		
Charges for services	\$ 2,296,947	
Premiums		1,865,071
Total Operating Revenues	<u>2,296,947</u>	<u>1,865,071</u>
OPERATING EXPENSES		
Personal services	709,255	
Contractual services	782,252	
Materials and supplies	309,894	
Depreciation expense	358,142	
Pension expense	193,866	
Indirect administrative cost	18,156	
Claims payments		1,498,906
Administrative		108,529
Insurance premiums		259,868
Total Operating Expenses	<u>2,371,565</u>	<u>1,867,303</u>
Operating Income (Loss)	<u>(74,618)</u>	<u>(2,232)</u>
NONOPERATING REVENUES (EXPENSES)		
Property tax	180,438	
Interest income	3,419	2,232
Intergovernmental grants	125,371	
Sale of capital assets	23,174	
Interest expense	(17,181)	
Net Nonoperating Revenue (Expenses)	<u>315,221</u>	<u>2,232</u>
Net Income (Loss) Before Capital Contributions and Transfers	240,603	0
Capital contributions	15,156	
Transfers in		22,867
Transfers out	<u>(11,759)</u>	
Changes in Net Position	244,000	22,867
Net Position - Beginning	<u>803,563</u>	<u>790,411</u>
Net Position - Ending	<u>\$ 1,047,563</u>	<u>813,278</u>

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

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

Exhibit 7

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,294,221	
Receipts for premiums		1,865,071
Payments to suppliers	(1,103,729)	
Payments to employees	(788,853)	
Payments for claims		(1,482,207)
Payments to administrator for services		(108,529)
Payments for insurance premiums		(259,868)
Payments to General Fund for indirect costs	(18,156)	
Other operating cash receipts		
Net Cash Provided (Used) by Operating Activities	383,483	14,467
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental grants received	125,371	
Cash received from property taxes	180,243	
Cash received from other funds:		
Operating transfers in		22,867
Cash paid to other funds:		
Operating transfers out	(11,759)	
Net Cash Provided (Used) by Noncapital Financing Activities	293,855	22,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Sales of assets	27,307	
Acquisition and construction of capital assets	(371,907)	
Principal paid on long-term debt	(354,363)	
Interest paid on debt	(17,181)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(716,144)	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on deposits	3,032	1,869
Reclassification of certificates of deposits from investments to cash	1,235,000	600,000
Net Cash Provided (Used) by Investing Activities	1,238,032	601,869
Net Increase (Decrease) in Cash and Cash Equivalents	1,199,226	639,203
Cash and Cash Equivalents at Beginning of Year	248,608	246,798
Cash and Cash Equivalents at End of Year	\$ 1,447,834	886,001

(Continued)

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

Exhibit 7

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
Reconciliation of Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (74,618)	(2,232)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	358,142	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,367)	
(Increase) decrease in deferred outflows of resources	66,095	
Increase (decrease) in deferred inflows of resources	107,749	
Increase (decrease) in claims payable	(11,583)	
Increase (decrease) in pension liability	(58,071)	
Increase (decrease) in claims and judgments liability		16,699
Increase (decrease) in compensated absences liability	(1,505)	
Increase (decrease) in unearned revenue	1,641	
Total Adjustments	458,101	16,699
Net Cash Provided (Used) by Operating Activities	\$ 383,483	14,467

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Due from other funds	\$ <u>23,285</u>
Total Assets	\$ <u><u>23,285</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>23,285</u>
Total Liabilities	\$ <u><u>23,285</u></u>

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

MONROE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Basis of Presentation.

The accompanying financial statements of Monroe County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

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.

B. Financial Reporting Entity.

Monroe County, Mississippi, (the County) is a political subdivision of the State of Mississippi, governed by an elected five-member Board of Supervisors. For GAAP financial reporting purposes, the County's reporting entity includes all funds of the County's various departments and elected officials (the primary government). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government and there is potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board.

There are no outside organizations that should be included as component units of the County's reporting entity.

C. Government-wide and Fund Financial Statements.

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all nonfiduciary activities of the County. The primary government is further subdivided between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all of the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of September 30, 2017, with the difference reported as net position.

MONROE COUNTY

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

The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and thus, are clearly identifiable to a particular function. Certain indirect costs have been included as part of the program expenses reported for the various functions and activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and any sources of revenue that are not reported as program revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the applicable fund financial statements. Nonmajor funds are aggregated and presented in a single column.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements and the financial statements of the proprietary funds 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, regardless of the timing of related cash flows. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 and producing and delivering goods in connection with a proprietary fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the balance sheet. Revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collectible within the current year or soon enough after fiscal year-end to liquidate liabilities existing at the end of the fiscal year. The County considers revenues received within 60 days after fiscal year-end as available. Significant revenue sources that are susceptible to accrual include property taxes, state appropriations, and federal awards. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures for goods and services are recognized upon receipt of said goods and services. Expenditures for debt service, compensated absences, and claims and judgments are recognized only when payment is due.

The County reports the following major governmental funds:

The General Fund accounts for all activities of the County not specifically required to be accounted for in other funds. Transactions are related to general government, justice, public safety, public works, health and social services, culture and recreation, and economic development.

The Countywide Road Maintenance Fund accounts for the maintenance and preservation of local roads financed with various revenue sources restricted for this purpose.

MONROE COUNTY

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

The county reports the following major Proprietary Funds:

The Insurance Fund accounts for activities related to the County's self-insurance programs for employee medical benefits.

The Solid Waste Fund accounts for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds account for resources that are to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of long-term debt and federal and state grants.

PROPRIETARY FUND TYPES

Enterprise Funds account for operations where the intent of the County is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds account for the operations of county departments that render services and/or provide goods to other county departments on a cost-reimbursement basis. These activities include personnel services, information technology and risk management. In the government-wide financial statements, Internal Service Funds are included in the governmental activities.

FIDUCIARY FUND TYPE

Agency Funds account for receipt of various taxes, deposits and other monies collected or held by the County, in a purely custodial capacity, until distributed to other governmental units or designated beneficiaries.

E. Cash and Cash Equivalents.

Cash and cash equivalents includes bank accounts, petty cash, money market demand accounts, money market mutual funds, and certificates of deposit with a maturity date within 365 days of the date acquired by the County.

F. Investments.

Investments are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements.

MONROE COUNTY

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

G. Receivables.

Receivables represent amounts due to the County for revenue earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts where applicable.

H. Interfund Activity.

In general, eliminations have been made to minimize the double-counting of internal activity, including internal service fund activity, on the government-wide financial statements. Excess revenues or expenses from the internal service funds have been allocated to the appropriate function originally charged for the internal sale as part of this process. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund to another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

I. Interfund Balances.

Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for residual amounts due between governmental and business-type activities, which are reported on the government-wide Statement of Net Position as "Internal Balances". Fiduciary funds' receivables and payables have been reclassified to other receivables and other payables, respectively, on the government-wide Statement of Net Position.

Transactions between funds that represent short-term lending/borrowing arrangements and transactions for which the actual transfer of cash had not occurred as of year-end are reported as "Due To/From Other Funds" on the fund financial statements. Noncurrent portions of interfund receivables and payables are reported as "Advances To/From Other Funds". These noncurrent amounts are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed or assigned.

J. Restricted Assets.

Government-wide assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets.

Certain resources set aside for the repayment of the special obligation bonds associated with the Monroe County, Mississippi, Aberdeen-Monroe County Hospital project are classified as restricted assets because they are maintained in separate trust accounts and their use is limited by a trust indenture. The general accounts are used to report resources that have been accumulated to pay the upcoming principal and interest amounts. The debt service reserve accounts are used to report resources that have been accumulated to meet the debt service reserve requirement established by the trust indenture.

MONROE COUNTY

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

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

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

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

	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.

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

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.

MONROE COUNTY

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

M. Pensions.

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

N. Long-term Debt.

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.

Debt proceeds, premiums and discounts are reported as other financing sources in the governmental fund financial statements. In the government-wide financial statements, bond premiums and discounts, as well as refunding charges (the difference between the carrying amount of redeemed/defeased debt and its reacquisition price), are deferred and amortized over the life of the bonds using the effective interest method. Bonds, capital leases, and other loans payable are reported net of the applicable unamortized premium and discount while refunding charges are reported as deferred outflows or deferred inflows of resources. Issuance costs are recognized as debt service expenditures/expenses in the period incurred.

O. Compensated Absences.

County policy authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave.

The County's obligation of accumulated personal leave, up to the maximum of 30 days per employee, is reported as "compensated absences" in the government-wide financial statements, as well as the proprietary fund financial statements. In the governmental fund financial statements, only amounts that have matured at year-end due to the termination of employment of a covered employee are reported.

P. Net Position/Fund Balance.

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as Net Position on the government-wide and proprietary funds financial statements and as Fund Balance on the governmental funds financial statements.

GAAP requires that net position be subdivided into three categories:

Net investment in capital assets – capital assets net of accumulated depreciation and related deferred outflows of resources reduced by outstanding balances for bonds, notes and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position – assets and deferred outflows of resources less any related liabilities and deferred inflows of resources that are restricted externally by creditors, grantors, contributors or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position – the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified as net investment in capital assets or restricted net position.

MONROE COUNTY

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

Fund Balances of governmental funds are classified as:

Nonspendable – amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) or are legally required to be maintained intact. Examples include inventories and permanent fund principal.

Restricted – amounts where legally enforceable constraints are imposed by an external party such as a grantor, or by the constitution, or by the Board of Supervisors at the same time the revenue is created.

Committed – amounts where constraints are imposed by order of the Board of Supervisors (the Board), the County's highest level of decision-making authority. An order is a formal action recorded in the minutes of the Board meetings. These constraints are imposed separately from the creation of the revenue. The revenue cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by issuing another order.

Unassigned – the residual amount of the General Fund, which is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred for purposes in which all classifications of spendable fund balance are available, it is the County's general policy to use fund balances in the following order: restricted, committed and unassigned.

Q. 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.

Real and personal property tax revenues are recognized in the year for which they are levied in accordance with GAAP. However, because the revenues are not currently available, a deferred inflow of resources is recorded for this amount. Motor vehicle and mobile home taxes do not meet the GAAP measurability and collectibility criteria because the lien and due date cannot be established until the date of original purchase. Accordingly, no amount is accrued for these taxes in the financial statements.

R. 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.

MONROE COUNTY

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

S. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Stewardship, Compliance and Accountability.

Net Position Restricted by Enabling Legislation - The government-wide Statement of Net Position reports \$16,333,751 of restricted net position, of which \$5,006,619 is restricted by enabling legislation, primarily proceeds of tax levies.

(3) Deposits and Investments.

Primary Government Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$22,625,794, and the bank balance was \$23,057,176. Section 27-105-5, Miss. Code Ann. (1972), authorizes the State Treasurer to implement a statewide collateral pool program which secures all local public funds' deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured.

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

Primary Government Investments.

Section 19-9-29, Miss. Code Ann. (1972), requires the board of supervisors of any county which has on hand any funds in excess of the sums which will be required to meet the current needs and demands of no more than seven (7) business days to invest such excess funds for periods of from fourteen (14) days to one (1) year in one or more of the following:

- Interest-bearing time certificates of deposit of the established county depository or state depositories in the county;
- Bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality or school district of the state, if such county, municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court;
- Obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a county or state depository; or
- Interest-bearing accounts with a county or state depository.

MONROE COUNTY

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County has not adopted a formal credit risk policy; however, state law limits investments to those described in the preceding paragraph.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has no formal policy on limiting exposure to interest rate risk; however, state law limits the maturity period of any investment to no more than one year as described in the second preceding paragraph.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the 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 policy for custodial credit risk. Of the amounts reported as deposits, the County had certificates of deposits totaling \$16,568,900 with a maturity of less than one year and were held by county depositories and collateralized with funds held in custody by the State Treasurer.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County's investments are in money-market mutual funds. These investments are reported in the Hospital Trust Accounts Fund.

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are managed through a trust indenture between the County and the trustee related to the payment of debt for hospital bonds.

As of September 30, 2017, investment balances held by the trustee consisted of:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities			
Money Market Mutual Funds	Less than one year	\$ 1,762,189	AAAm

(4) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities	
Reimbursement for housing prisoners - Amory	\$ 4,413
Reimbursement for housing prisoners - Nettleton	300
Reimbursement for housing prisoners - Aberdeen	4,750
Reimbursement for housing prisoners - U.S. Marshall's Service	16,267
Reimbursement for housing prisoners - State of Mississippi	46,193
State of Mississippi - Legislative tag credit	182,364
State of Mississippi - CMRSB	21,763
Total	<u>\$ 276,050</u>

MONROE COUNTY

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

(5) Accounts and Fines Receivable.

At September 30, 2017, accounts and fines receivable consisted of:

	Governmental Activities		
	General Fund	Other Governmental Funds	Total
Other receivables	\$ 8,379	8,685	17,064
Allowance for uncollectibles			0
Other receivables, net	<u>\$ 8,379</u>	<u>8,685</u>	<u>17,064</u>
Fines receivable	\$ 1,712,280		1,712,280
Allowance for uncollectibles	<u>(1,475,016)</u>		<u>(1,475,016)</u>
Fines receivable, net	<u>\$ 237,264</u>	<u>0</u>	<u>237,264</u>
		Business-type Activities	
		Solid Waste Fund	Total
Accounts receivable		\$ 1,243,250	1,243,250
Allowance for uncollectibles		<u>(694,843)</u>	<u>(694,843)</u>
Accounts receivable, net		<u>\$ 548,407</u>	<u>548,407</u>

(6) Capital Leases Receivable.

On December 27, 2001, Monroe County entered into a capital lease agreement with Herman and Patty Tomlin for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$30,180 per year in lease payments commencing January, 2002, for a term of twenty years. At the end of the lease term, Herman and Patty Tomlin have the option to purchase the building for \$1. At September 30, 2017, the principal balance owed on the lease was \$117,765.

On March 1, 2010, Monroe County entered into a capital lease agreement with Homestretch, Inc. for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$66,295 to \$140,209 per year in lease payments commencing April, 2010, for a term of fifteen years. At the end of the lease term, Homestretch, Inc. has the option to purchase the building for \$1. At September 30, 2017, the principal balance owed on the lease was \$908,938.

On June 1, 2013, Monroe County entered into a capital lease agreement with United Furniture for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$136,096 per year in lease payments commencing July, 2013, for a term of fifteen years. At the end of the lease term, United Furniture has the option to purchase the building for \$1. At September 30, 2017, the principal balance owed on the lease was \$698,838.

MONROE 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	\$ 259,350	47,131
2019	267,044	39,438
2020	274,984	31,499
2021	283,177	23,307
2022	262,060	15,144
2023-2026	<u>378,926</u>	<u>11,832</u>
Total	<u>\$ 1,725,541</u>	<u>168,351</u>

(7) Capital Assets.

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

	<u>Balance Oct. 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance Sept. 30, 2017</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,742,559		(134,483)		1,608,076
Total capital assets, not being depreciated	<u>1,742,559</u>	<u>0</u>	<u>(134,483)</u>	<u>0</u>	<u>1,608,076</u>
Capital assets, being depreciated:					
Buildings	17,347,046				17,347,046
Improvements other than buildings	2,476,009	3,000			2,479,009
Mobile equipment	8,288,934	768,721	(455,795)	631,996	9,233,856
Furniture and equipment	1,621,135	16,995	(36,202)		1,601,928
Property under capital leases	2,435,757	828,939	(510,904)	(652,757)	2,101,035
Infrastructure	<u>113,686,654</u>				<u>113,686,654</u>
Total capital assets being depreciated	<u>145,855,535</u>	<u>1,617,655</u>	<u>(1,002,901)</u>	<u>(20,761)</u>	<u>146,449,528</u>
Less: Accumulated depreciation for:					
Buildings	6,833,154	266,037			7,099,191
Improvements other than buildings	1,421,409	71,661			1,493,070
Mobile equipment	5,782,930	600,879	(328,751)	208,754	6,263,812
Furniture and equipment	1,325,919	82,233	(35,098)		1,373,054
Property under capital leases	789,239	379,698	(183,924)	(214,359)	770,654
Infrastructure	<u>72,807,056</u>	<u>497,502</u>			<u>73,304,558</u>
Total accumulated depreciation	<u>88,959,707</u>	<u>1,898,010</u>	<u>(547,773)</u>	<u>(5,605)</u>	<u>90,304,339</u>
Total capital assets, being depreciated, net	<u>56,895,828</u>	<u>(280,355)</u>	<u>(455,128)</u>	<u>(15,156)</u>	<u>56,145,189</u>
Governmental activities capital assets, net	<u>\$ 58,638,387</u>	<u>(280,355)</u>	<u>(589,611)</u>	<u>(15,156)</u>	<u>57,753,265</u>

MONROE COUNTY

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

	Balance Oct. 1, 2016	Increases	Decreases	Transfers	Balance Sept. 30, 2017
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 76,880				76,880
Total capital assets, not being depreciated	76,880	0	0	0	76,880
Capital assets, being depreciated:					
Mobile equipment	1,629,446	371,907	(30,000)	128,710	2,100,063
Furniture and equipment	26,209				26,209
Property under capital leases	1,478,386			(107,949)	1,370,437
Total capital assets being depreciated	3,134,041	371,907	(30,000)	20,761	3,496,709
Less: Accumulated depreciation for:					
Mobile equipment	1,358,442	111,824	(25,867)	83,328	1,527,727
Furniture and equipment	23,588				23,588
Property under capital leases	489,727	246,318		(77,723)	658,322
Total accumulated depreciation	1,871,757	358,142	(25,867)	5,605	2,209,637
Total capital assets, being depreciated, net	1,262,284	13,765	(4,133)	15,156	1,287,072
Business-type activities capital assets, net	\$ 1,339,164	13,765	(4,133)	15,156	1,363,952

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 120,505
Public safety	593,877
Public works	1,109,930
Health and welfare	38,007
Economic development	35,691
Total governmental activities	\$ 1,898,010
Business-type activities:	
Solid waste	\$ 358,142

At September 30, 2017, assets recorded under capital leases were as follows:

Asset:	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 2,101,035	1,370,437
Less: Accumulated depreciation	(770,654)	(658,322)
Total	\$ 1,330,381	712,115

MONROE COUNTY

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

In connection with the acquisition of capital assets, the County incurred in the current year interest cost of \$34,057 in the governmental activities and \$17,181 in the business-type activities, none of which was capitalized.

(8) Deferred Outflows of Resources.

The County reports the following items in this category:

Government-wide Statement of Net Position/Proprietary Fund Statement of Net Position:

- Deferred amount on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- 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. Refer to Note 9 for additional details.

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan.

Plan Description – Monroe County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.pers.ms.gov.

Benefits Provided – 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 become 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 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of credited 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

MONROE COUNTY

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

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 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 percent compounded for each fiscal year thereafter.

Contributions – Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2017, member employees were required to contribute 9.00 percent of their annual pay, while the County's required contribution rate was 15.75 percent of annual covered payroll. The County's employer contributions to PERS for the years ended September 30, 2017, 2016 and 2015 were \$1,099,219, \$1,066,214 and \$1,019,179, respectively. The contributions for each year met the required contributions.

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

At September 30, 2017, Monroe County reported a liability of \$17,946,450 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 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the County's proportionate share was .107959 percent, which was an increase of 0.002913 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, Monroe County recognized pension expense of \$2,730,517.

At September 30, 2017, Monroe County reported as a component of pension expense, deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 249,350	130,950
Net difference between projected and actual earnings on pension plan investments	1,576,139	1,386,641
Changes of assumptions	348,649	
Changes in proportion and differences between county contributions and proportionate share of contributions	439,838	
County contributions subsequent to the measurement date	<u>275,183</u>	
Total	<u>\$ 2,889,159</u>	<u>1,517,591</u>

MONROE COUNTY

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

\$275,183 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:

<u>Year Ending September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 1,322,305	401,913
2019	862,031	401,913
2020	429,640	367,104
2021		346,661
Total	<u>\$ 2,613,976</u>	<u>1,517,591</u>

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

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

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

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

MONROE COUNTY

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class 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
Fixed Income	18.00	0.75
Global	12.00	4.75
Emerging Debt	2.00	2.25
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Cash	1.00	0.00
Total	100.00	%

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

Sensitivity of the Entity's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents Monroe County's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) 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	\$ 25,537,967	\$ 17,946,450	\$ 13,304,276

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at www.pers.ms.gov.

MONROE COUNTY

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

(10) Risk Management.

Workers' Compensation Benefits.

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 with a one-time \$750,000 deductible, which 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, 2017 to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Health and Accident Benefits.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. The County finances its exposure to these risks through a self-funded insurance plan. On July 1, 2012, Monroe County established a self-funded insurance plan for its employees. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. The County pays the premium for its employees. Employees may purchase additional or dependent coverage and pay the additional premium through a payroll deduction. Premium payments are based on an actuarial calculation. The County has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$75,000, and the aggregate policy covers all submitted claims in excess of \$1,747,176.

The County has collected an additional charge for expected future catastrophic losses. This additional charge has resulted in the Internal Service Fund's \$813,278 net position at September 30, 2017, being designated for future catastrophic losses.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2017, the amount of these liabilities was \$65,179. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2014-2015	\$ 483,915	1,464,092	1,796,303	151,704
2015-2016	\$ 151,704	1,344,597	1,447,821	48,480
2016-2017	\$ 48,480	1,498,906	1,482,207	65,179

MONROE COUNTY

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

(11) Long-term Debt.

Long-term Debt Outstanding at Year-End.

The County had the following types of long-term debt outstanding as of September 30, 2017:

General Obligation Bonds - General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities and are backed by the full faith, credit and taxing power of the County. The County levies a tax on all taxable property in the County in an amount adequate to meet the required principal and interest payments on the bonds.

Limited Obligation Bonds - Limited obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities and are backed by the full faith, credit and taxing power of the County. In the case of Monroe County, the asset acquired from the issuance of the bonds was a hospital. The County levies a tax on taxable property in districts three and four in the County in an amount adequate to meet the required principal and interest payments on the bonds.

Capital Leases - The County has entered into numerous lease-purchase agreements to finance the purchase of certain equipment as described below. The lease terms vary, but all agreements include a cancellation clause based on unavailability of funds.

Other Loans - The County has entered into loan agreements primarily with the State of Mississippi in order to construct or acquire facilities to be used for economic development purposes. These facilities are then leased to the companies with payments from the companies being used to repay the principal and interest on the 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. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2015	\$ 1,850,000	.75/2.35%	09/30/2022
Road and Bridge Bond of 2013	1,935,000	1.25/1.50%	08/01/2023
Lane Furniture Refunding Bonds, Series 2011B	<u>1,600,000</u>	2.00/5.00%	10/01/2021
Total General Obligation Bonds	<u>\$ 5,385,000</u>		
B. Limited Obligation Bonds:			
Hospital, Series 2011A Bonds	\$ 830,000	1.65/5.0%	07/01/2026
Hospital, Series 2011B Bonds	<u>1,950,000</u>	3.85/6.0%	07/01/2026
Total Limited Obligation Bonds	<u>\$ 2,780,000</u>		

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MONROE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Capital Leases:			
Spreader	\$ 3,725	1.94%	10/10/2017
Durapatcher	31,030	1.84%	09/19/2018
Two dump trucks	53,467	2.12%	02/19/2019
Fire truck	73,594	2.01%	07/15/2019
Cradle boom	25,925	2.11%	10/14/2019
Tractor/five cutters	62,623	2.11%	10/14/2019
International truck	28,564	2.06%	02/27/2020
Addressing system	121,307	2.09%	02/24/2020
Fire truck	108,632	2.01%	05/29/2020
International truck	46,854	1.65%	07/19/2020
Fire truck	149,255	1.65%	07/19/2020
Four dump trucks	496,238	1.91%	01/15/2021
Three Mack trucks	224,431	1.63%	10/11/2020
Computer system - Sheriff's Office	97,411	2.29%	01/13/2020
Total Capital Leases	\$ <u>1,523,056</u>		
D. Other Loans:			
Homestretch, LLC	\$ 1,045,854	3.00%	03/01/2030
United Furniture	700,198	3.00%	04/01/2023
Various construction projects	378,265	4.95%	02/01/2030
Total Other Loans	\$ <u>2,124,317</u>		
Business-type Activities:			
Capital Leases:			
Two garbage trucks	\$ 223,135	2.16%	02/01/2020
Garbage truck	85,838	2.01%	06/15/2019
Roll off carts	108,475	1.79%	02/19/2020
International truck	169,663	2.01%	07/15/2019
Two garbage trucks	272,657	1.66%	04/26/2020
Total Capital Leases	\$ <u>859,768</u>		

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation increases to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 2.76% of the latest property assessments.

MONROE COUNTY

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

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

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 490,306		39,247	451,059	
General obligation bonds	6,400,000		1,015,000	5,385,000	1,040,000
Less discount	(12,100)		(3,446)	(8,654)	
Limited obligation bonds	3,025,000		245,000	2,780,000	255,000
Less discount	(31,437)		(5,131)	(26,306)	
Capital leases	1,448,214	953,239	878,397	1,523,056	497,172
Other loans	2,430,834		306,517	2,124,317	306,421
Total	<u>\$ 13,750,817</u>	<u>953,239</u>	<u>2,475,584</u>	<u>12,228,472</u>	<u>2,098,593</u>
Business-type Activities:					
Compensated absences	\$ 30,397		1,505	28,892	
Capital leases	1,214,131		354,363	859,768	353,942
Total	<u>\$ 1,244,528</u>	<u>0</u>	<u>355,868</u>	<u>888,660</u>	<u>353,942</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, the E-911 fund, the countywide road maintenance fund and the solid waste fund.

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

Governmental Activities

Year Ending September 30:	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 1,040,000	124,586	255,000	147,507
2019	1,075,000	100,347	270,000	135,518
2020	1,095,000	73,059	280,000	122,831
2021	1,115,000	43,529	285,000	109,194
2022	720,000	24,052	300,000	95,294
2023-2027	340,000		1,390,000	202,706
Total	<u>\$ 5,385,000</u>	<u>365,573</u>	<u>2,780,000</u>	<u>813,050</u>

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MONROE COUNTY

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

<u>Year Ending September 30:</u>	<u>Other Loans</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 306,421	65,367	497,172	24,187
2019	318,087	53,607	438,532	15,210
2020	330,077	41,372	266,045	8,250
2021	203,659	32,266	321,307	1,963
2022	210,047	25,878		
2023-2027	509,523	69,007		
2028-2030	<u>246,503</u>	<u>3,068</u>		
Total	\$ <u>2,124,317</u>	<u>290,565</u>	<u>1,523,056</u>	<u>49,610</u>

Business-type Activities

<u>Year Ending September 30:</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 353,942	12,937
2019	352,645	6,276
2020	<u>153,181</u>	<u>806</u>
Total	\$ <u>859,768</u>	<u>20,019</u>

(12) Deferred Inflows of Resources.

The County reports the following items in this category:

Government-wide Statement of Net Position:

- Property tax for future reporting period. This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- 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. Refer to Note 9 for additional details.
- Unearned interest on capital leases receivable. This item represents the interest portion of the capital lease receivable that is not currently available. This amount will be recognized as it becomes available over the life of the related capital lease.

Governmental Funds Balance Sheet:

- Property tax for future reporting period. This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- Unavailable revenue - fines. This amount represents the portion of fines receivable that does not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.
- Unavailable revenues - principal and interest on capital leases. This amount represents funds that do not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.

MONROE COUNTY

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

(13) Operating Leases.

At September 30, 2017, assets leased under these leases are as follows:

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$139,325 for the year ended September 30, 2017.

On December 5, 2012, Monroe County entered into a non-cancellable operating lease agreement with the Monroe County Chamber of Commerce for the lease of office space at the Monroe County Government Complex in Amory. The lease stipulated the lessee would pay the county \$470 per month for three years. At the end of the lease term, the lessee has the right to renew the lease for an additional period of time at an amount to be agreed upon.

On June 1, 2005, Monroe County entered into a non-cancellable operating lease agreement with the United Way of Greater Monroe County for the lease of office space at the Monroe County Government Complex in Amory. The lease stipulated the lessee would pay the county \$375 per month for one year. The lease automatically renews for successive one-year periods unless either party provides written notice of intent not to renew 90 days prior to the end of any term.

On September 15, 1963, Monroe County entered into a non-cancellable operating lease agreement with True Temper Corporation for the lease of a building jointly owned by the City of Amory and Monroe County. The lease stipulated the lessee would pay the County \$11,000 per year for 20 years. At the end of the lease term, the lessee has the right to renew the lease for up to 15 additional five-year periods. The County has received \$6,500 per year since 2008.

On December 31, 1964, Monroe County entered into a non-cancellable operating lease agreement with the Continental Oil Company for the lease of a building owned by the County. The lease stipulated the lessee would pay the county \$10,000 per year for a period of 25 years. At the end of the lease term, the lessee has the right to renew the lease for up to seven additional ten year periods. Currently, the lease is with Axiall Corp. The County has been receiving \$10,000 per year since 2008.

On February 1, 2010, Monroe County entered into a non-cancellable operating lease agreement with the Sav-A-Life of Monroe County for the lease of office space at the Monroe County Government Complex in Amory. The lease stipulated the lessee would pay the County \$200 per month for two years. The lease automatically renews for successive one-year periods unless either party provides written notice of intent not to renew 60 days prior to the end of any term.

On March 26, 2009, Monroe County entered into a non-cancellable agricultural operating lease agreement with Dennis Jackson for the lease of 33 acres at the Monroe County Airport. The lease stipulated the lessee would pay the County \$925 per year for three years. Currently, the lease has expired but the lessee has continued to pay the lease and the County is in the process of executing a new agricultural lease.

On August 30, 2011, Monroe County entered into a non-cancellable operating lease agreement with the Pioneer Community Hospital of Aberdeen for the lease of the hospital jointly owned by the City of Aberdeen and Monroe County. The lease stipulated the lessee would pay the County \$7,500 per month for ten years.

MONROE COUNTY

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

On November 5, 2008, Monroe County entered into a non-cancellable operating lease agreement with W. B. Riggins Tallow Co. for the lease of a facility jointly owned by the City of Aberdeen and Monroe County. The lease stipulated the lessee would pay the County \$150 per month for one year. The lease automatically renews for successive one-year periods unless either party provides written notice of intent not to renew 90 days prior to the end of any term.

The County owns six hangers at the Monroe County Airport which it leases for a period of ten years at rates of \$100 to \$115 per month. The total received in 2017 was \$16,035. This approximates the amount received each year.

The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2018	\$ 139,325
2019	139,325
2020	139,325
2021	139,325
2022	<u>139,325</u>
Total Minimum Payments Required	\$ <u>696,625</u>

As Lessee:

The County makes payments for property it leases under non-cancellable operating leases. The total amount paid for these leases was \$95,912 for the year ended September 30, 2017.

On August 1, 2009, Monroe County entered into a non-cancellable operating lease agreement with Tubbs Properties for the lease of a building to be used by the Department of Human Services in Amory. The lease stipulated the County would pay the lessor \$2,700 per month for four years. At the end of the lease term, the County has the right to renew the lease for an additional four years at an amount to be agreed upon.

On August 1, 2009, Monroe County entered into a non-cancellable operating lease agreement with N J & G, LLC, for the lease of a building to be used by the Department of Human Services in Aberdeen. The lease stipulated the County would pay the lessor \$3,600 per month for four years. At the end of the lease term, the County has the right to renew the lease for an additional four years at an amount to be agreed upon.

On October 12, 2012, Monroe County entered into a non-cancellable operating lease agreement with Bobby and Barbara Brisco for the lease of a building to be used by the Cooperative Extension Service. The lease stipulated the County would pay the lessor \$1,901 per month for ten years. At the end of the lease term, the County has the right to renew the lease for two additional five-year terms at an amount to be agreed upon.

MONROE COUNTY

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

The future minimum lease payments for these leases are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2018	\$ 95,912
2019	95,912
2020	95,912
2021	95,912
2022	<u>95,912</u>
Total Minimum Payments Required	\$ <u>479,560</u>

(14) Interfund Transactions and Balances.

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

A. Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance	General Fund	\$ 90,092
Other Governmental Funds	General Fund	31,210
Solid Waste	General Fund	2,666
Agency Funds	General Fund	<u>23,285</u>
Total		\$ <u>147,253</u>

Amounts listed are the tax revenues, justice court, and circuit clerk fees collected September, 2017, and settled October, 2017.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 103,904
Internal Service Fund	Countywide Road Maintenance	<u>95,847</u>
Total		\$ <u>199,751</u>

This represents the amount owed by the Countywide Road Maintenance Fund for its pro-rata share of medical claims expenses and the amount owed to the General Fund for start-up costs.

MONROE COUNTY

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

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	\$ 27,496
Other Governmental Funds	General Fund	37,500
Other Governmental Funds	Other Governmental Funds	655,573
Countywide Road Maintenance Fund	Solid Waste Fund	10,000
Internal Service Fund	General Fund	14,190
Internal Service Fund	Countywide Road Maintenance Fund	5,863
Internal Service Fund	Other Governmental Funds	1,055
Internal Service Fund	Solid Waste Fund	1,759
Total		<u>\$ 753,436</u>

The purpose of the transfers was to transfer tax collections to trustee accounts, provide matching funds for construction projects, move excess equity from internal service funds and to close special funds. The transfers were routine and consistent with the activities of the fund making the transfer.

(15) Joint Venture.

The county participates in the following joint venture:

Monroe County is a participant with the City of Aberdeen in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Aberdeen-Monroe County Hospital. The joint venture was created to provide medical care and is governed by a board of directors, composed of five members; two appointed by the County, two appointed by the City of Aberdeen and a fifth jointly appointed. Effective July 6, 2011, Monroe County and the City of Aberdeen authorized the execution of a lease agreement with Pioneer Health Service of Monroe County, Inc., for the Aberdeen-Monroe County Hospital and its related facilities. The lease agreement is for a term of ten years, with an option to renew.

(16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Tombigbee Regional Library System operates in a district composed of the Counties of Choctaw, Clay, Monroe and Webster. The Monroe County Board of Supervisors appoints two of the five members of the library board of trustees. The County appropriated \$95,000 for maintenance and support of the library in fiscal year 2017.

Three Rivers Planning and Development District operates in a district composed of the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The governing body is a 40-member board of directors, with five appointed by the Board of Supervisors of each member County. The County appropriated \$51,344 for maintenance and support of the district in fiscal year 2017.

Northeast Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc and Union. The board of commissioners consists of one appointee from each County's Board of Supervisors. The County appropriated \$46,000 for maintenance and support of the commission in fiscal year 2017.

MONROE COUNTY

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

Itawamba Community College operates in a district composed of the Counties of Chickasaw, Itawamba, Lee, Monroe and Pontotoc. The governing body is a 30-member board of trustees, with six appointed by the Board of Supervisors of each member County. Monroe County appropriated \$1,863,926 for maintenance and support of the college in fiscal year 2017.

Three Rivers Solid Waste Management Authority operates in a district composed of the Counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union and the Cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. The authority is governed by a 14-member board, with one appointed by each member. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste deposited.

Lift, Inc., operates in a district composed of the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Monroe County Board of Supervisors appoints one of the 24 members of the board of directors. The County did not receive a request for funding in fiscal year 2017.

(17) Related Organizations.

The Monroe County Board of Supervisors created districts to provide fire protection services to the County. The board appoints the commissioners of each district, but the County's accountability for the districts does not extend beyond making the appointments. Each district receives the avails of a two mill tax levy on the real property in the district and an annual appropriation from the County in the amount of \$5,000. Monroe County appropriated \$40,446 for the operations of the four districts in fiscal year 2017. The districts are as follows:

<u>District</u>	<u>Enabling Legislation</u>	<u>Funding</u>
Cason Fire District	19-5-151, Miss. Code Ann. (1972)	\$10,445
Sipsey River Fire District	19-5-151, Miss. Code Ann. (1972)	\$ 6,625
Splunge Fire District	19-5-151, Miss. Code Ann. (1972)	\$ 6,639
Wren Grading District	19-5-223, Miss. Code Ann. (1972)	\$16,737

(18) 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 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 Monroe County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for ten years and are for economic development purposes. The County had tax abatement agreements with seventeen entities as of September 30, 2017.

MONROE COUNTY

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

The County had three types of abatements, none of which provides for the abatement of school or state tax levies:

Sections 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

All allowable property tax levies except for countywide road fund tax levy

There are sixteen companies that have tax abatements under these statutes.

Section 27-31-104, Miss. Code (Ann.) 1972

Payments in lieu of taxes

There is one company that has tax abatements under this statute.

<u>Category</u>	<u>% of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of a manufacturing facility	100.00%	\$ 535,292
Construction and expansion of a storage facility	41.00%	\$ 377,095

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.

(19) 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.

(20) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$10,760,294) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$2,664,427 balance of deferred outflow of resources at September 30, 2017, will be recognized as an expense and will decrease the unrestricted net position over the next three years.

The governmental activities' unrestricted net position amount of (\$10,760,294) includes the effect of deferring the recognition of income resulting from a deferred inflow from pensions. The \$1,409,842 balance of deferred inflows of resources at September 30, 2017, will be recognized as income and will increase the unrestricted net position over the next four years.

MONROE COUNTY

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

The governmental activities' unrestricted net position amount of (\$10,760,294) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of county debt. \$44,587 of the \$67,531 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the unrestricted net position over the next nine years.

The governmental activities' unrestricted net position amount of (\$10,760,294) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$168,351 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 seven years.

The governmental activities' net investment in capital assets net position of \$48,752,490 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of county debt. \$22,944 of the \$67,531 balance of deferred outflows of resources at September 30, 2017, will be recognized as an expense and will decrease the net investment in capital assets net position over the next five years.

(21) Subsequent Events.

GAAP requires the County to evaluate events that occur subsequent to the date of the Statement of Net Position but before the financial statements are issued (subsequent events). Such events that provide additional evidence with respect to conditions that existed as of the Statement of Net Position date are recognized in the accompanying financial statements. However, subsequent events that provide evidence with respect to conditions that did not exist at the Statement of Net Position date but arose subsequently, and are of such a nature that their disclosure is essential to the user's understanding of the financial statements, are required to be disclosed herein. Management of Monroe County evaluated the County's activity and events that occurred through February 2, 2018, and determined that no events meet the disclosure requirements:

MONROE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,173,382	7,552,627	7,552,627	
Licenses, commissions and other revenue	565,800	610,098	610,098	
Fines and forfeitures	595,350	501,525	501,525	
Intergovernmental revenues	2,542,670	2,028,382	2,048,344	19,962
Charges for services	465,000	426,488	426,488	
Interest income	12,650	17,649	17,649	
Miscellaneous revenues	181,850	129,620	109,658	(19,962)
Total Revenues	<u>11,536,702</u>	<u>11,266,389</u>	<u>11,266,389</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	5,119,010	4,719,345	4,719,345	
Public safety	5,042,240	5,006,997	4,978,389	28,608
Public works	31,892	315,604	315,604	
Health and welfare	511,350	387,682	387,682	
Culture and recreation	97,500	97,500	97,500	
Conservation of natural resources	216,311	190,307	190,307	
Economic development and assistance	435,544	429,207	391,707	37,500
Debt service:				
Principal	135,968	135,968	141,290	(5,322)
Interest			23,286	(23,286)
Total Expenditures	<u>11,589,815</u>	<u>11,282,610</u>	<u>11,245,110</u>	<u>37,500</u>
Excess of Revenues over (under) Expenditures	<u>(53,113)</u>	<u>(16,221)</u>	<u>21,279</u>	<u>37,500</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(79,354)	(79,354)	(98,698)	(19,344)
Proceeds from sale of capital assets	3,500	40,323	22,167	(18,156)
Total Other Financing Sources and Uses	<u>(75,854)</u>	<u>(39,031)</u>	<u>(76,531)</u>	<u>(37,500)</u>
Net Change in Fund Balance	(128,967)	(55,252)	(55,252)	0
Fund Balances - Beginning	<u>486,269</u>	<u>486,269</u>	<u>7,303,158</u>	<u>6,816,889</u>
Fund Balances - Ending	<u>\$ 357,302</u>	<u>431,017</u>	<u>7,247,906</u>	<u>6,816,889</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,572,809	4,750,791	4,313,713	(437,078)
Road and bridge privilege taxes			437,078	437,078
Fines and forfeitures	100			
Intergovernmental revenues	755,700	876,566	876,566	
Charges for services	4,200	3,700	3,700	
Interest income	900	2,139	2,139	
Miscellaneous revenues	4,800	1,207	1,207	
Total Revenues	<u>5,338,509</u>	<u>5,634,403</u>	<u>5,634,403</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	5,759,968	5,331,220	5,331,220	
Debt service:				
Principal	601,459	672,018	672,018	
Interest	16,620	20,148	20,148	
Total Expenditures	<u>6,378,047</u>	<u>6,023,386</u>	<u>6,023,386</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,039,538)</u>	<u>(388,983)</u>	<u>(388,983)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of assets	479,907	606,000	606,000	
Transfer in	2,500	124,154	124,154	
Total Other Financing Sources and Uses	<u>482,407</u>	<u>730,154</u>	<u>730,154</u>	<u>0</u>
Net Change in Fund Balance	(557,131)	341,171	341,171	0
Fund Balances - Beginning	<u>750,000</u>	<u>750,000</u>	<u>1,716,196</u>	<u>966,196</u>
Fund Balances - Ending	<u>\$ 192,869</u>	<u>1,091,171</u>	<u>2,057,367</u>	<u>966,196</u>

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

MONROE COUNTY
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)	\$ 17,946,450	18,763,839	15,863,338
County's proportionate share of the new pension liability (asset)	0.107959 %	0.105046 %	0.102622 %
County's covered-employee payroll	\$ 6,936,318	6,720,018	6,411,192
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258.7316498	279.223047 %	247.43196 %
Plan fiduciary net position as a percentage of the total pension liability	61.49 %	57.467727 %	61.703983 %

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

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

MONROE COUNTY
Schedule of the County's Contributions
PERS
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,099,219	1,066,214	1,019,179
Contributions in relation to the contractually required contribution	<u>1,099,219</u>	<u>1,066,214</u>	<u>1,019,179</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>
County covered-employee payroll	\$ 6,979,169	6,769,621	6,470,979
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the County has only presented information for the years in which information was available.

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

MONROE COUNTY

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

(1) Budget.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

MONROE COUNTY

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

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

	Governmental Fund Types	
	General Fund	Countywide Road Maintenance Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ (55,252)	341,171
Increase (decrease):		
Net adjustments for revenue accruals	(205,502)	(66,928)
Net adjustments for expenditure accruals	173,267	(557,661)
Net adjustments for other financing sources/uses	171,308	708,922
Net Change in Fund Balance GAAP Basis	\$ <u>83,821</u>	<u>425,504</u>

Any line item that had an excess of actual over budget was the result of audit reclassification entries.

- (2) Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions.

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.

Changes of Assumptions.

2015

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

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

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

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

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

MONROE COUNTY

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

2016

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

2017

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

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

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

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

MONROE COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Doug Wiggins	Supervisor - District 1	Western Surety	\$100,000
Billy Kirkpatrick	Supervisor - District 2	Western Surety	\$100,000
Carol Crawford	Supervisor - District 3	Old Republic	\$100,000
Fulton Ware	Supervisor - District 4	Western Surety	\$100,000
Robert Tomey	Supervisor - District 5	Brierfield	\$100,000
M. Richardson	Supervisor - District 1	Western Surety	\$100,000
G. Chism	Supervisor - District 3	Old Republic	\$100,000
H. Bogan	Supervisor - District 5	Western Surety	\$100,000
Evan Adams	County Administrator	Old Republic	\$100,000
Ronnie Boozer	Chancery Clerk	Brierfield	\$100,000
John Carl Cadden	Purchase Clerk	Western Surety	\$75,000
Angela Thompson	Assistant Purchase Clerk	Old Republic	\$50,000
Jay Barnes	Receiving Clerk	Old Republic	\$75,000
Robert Bryan	Assistant Receiving Clerk	Old Republic	\$50,000
Lillian White	Assistant Receiving Clerk	Old Republic	\$50,000
Kimberly Holloway	Assistant Receiving Clerk	Old Republic	\$50,000
Kristie Coker	Assistant Receiving Clerk	Old Republic	\$50,000
Jackie Baggett	Assistant Receiving Clerk	Old Republic	\$50,000
Wanda Guin	Assistant Receiving Clerk	Old Republic	\$50,000
Donna Lucas	Assistant Receiving Clerk	FCCI	\$50,000
Kay Watson	Inventory Control Clerk	Old Republic	\$75,000
Olyn Clay	Road Manager	Western Surety	\$75,000
Ray Adkins	Constable	State Farm	\$50,000
Herbert Harris	Constable	Western Surety	\$50,000
Ron West	Constable	Western Surety	\$50,000
Judy Butler	Circuit Clerk	Western Surety	\$100,000
Dana Sloan	Circuit Clerk	Old Republic	\$100,000
Cecil Cantrell	Sheriff	Brierfield	\$100,000
Adrian Haynes	Justice Court Judge	Western Surety	\$50,000
Robert Earl Fowlkes	Justice Court Judge	Western Surety	\$50,000
Kevin Crook	Justice Court Judge	Western Surety	\$50,000
Tina Morrow	Justice Court Clerk	RLI	\$50,000
Lycia Justice	Deputy Justice Court Clerk	RLI	\$50,000
Lisa Burkes	Deputy Justice Court Clerk	RLI	\$50,000
Barbara Byrd	Deputy Justice Court Clerk	Central	\$50,000
Courtney Lann	Deputy Justice Court Clerk	RLI	\$50,000
Patti Crosby	Deputy Justice Court Clerk	RLI	\$50,000
Donna Lucas	Deputy Justice Court Clerk	Old Republic	\$50,000
James Whitmire	Deputy Justice Court Clerk	Central	\$50,000
Crystal Cooper	Deputy Justice Court Clerk	Central	\$50,000
Sandra Smith	Deputy Justice Court Clerk	Central	\$50,000
Pat Birkholz	Tax Collector	Western Surety	\$100,000
Mitzi Presley	Tax Assessor	Western Surety	\$50,000
John A. Gurley	Coroner	State Farm	\$5,000
Zoe Smith	Deputy Circuit Court Clerk	Old Republic	\$50,000
Teresa King	Deputy Circuit Court Clerk	Old Republic	\$50,000
Nancy Bishop	Deputy Circuit Court Clerk	Old Republic	\$50,000

(Continued)

MONROE COUNTY
Schedule of Surety Bonds for County Officials - UNAUDITED
or the Year Ended September 30, 2017

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Kerri Spann	Deputy Tax Assessor	Old Republic	\$10,000
Gussie Garner	Deputy Tax Assessor	Old Republic	\$10,000
Melanie Plunkett	Deputy Tax Assessor	Old Republic	\$10,000
Kimberly Holloway	Deputy Tax Assessor	Old Republic	\$10,000
Donna Pearson	Deputy Tax Collector	Old Republic	\$50,000
Mary Gunn	Deputy Tax Collector	Old Republic	\$50,000
Constance Frye	Deputy Tax Collector	Old Republic	\$50,000
Alysia Hall	Deputy Tax Collector	Old Republic	\$50,000
Kristie Coker	Deputy Tax Collector	Old Republic	\$50,000
Jackie Baggett	Deputy Tax Collector	Old Republic	\$50,000
Shauna Clark	Deputy Tax Collector	Old Republic	\$50,000

MONROE COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

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

Members of the Board of Supervisors
Monroe County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Monroe County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 2, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Monroe 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*.

However, we noted a certain matter that we reported to the management of Monroe County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 2, 2018, included within this document. Monroe County's response to the finding identified is described as part of this report.

We did not audit Monroe County's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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.



Windham and Lacey, PLLC
February 2, 2018

Windham and Lacey, PLLC

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

Members of the Board of Supervisors
Monroe County, Mississippi

We have examined Monroe County, Mississippi's 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 Monroe 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.

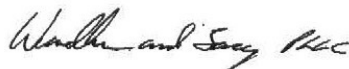
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered 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 Monroe 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 the inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Monroe County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Monroe 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.



Windham and Lacey, PLLC
February 2, 2018

MONROE COUNTY

Schedule of Purchases made from Other Than the Lowest Bidder
For the Year Ended September 30, 2017

Schedule 1

The results of our tests did not identify any purchases made from other than the lowest bidder.

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

Schedule 2

Our test results identified the following emergency purchases:

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
03/02/2017	Bridge H-Pilings	\$7,990	Fabricators Supply	Bridge closed by MDOT
08 15-29/2017	Crushed limestone	\$63,233	Cross-Way Trucking	Primary could not deliver

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

Schedule 3

The results of our tests did not identify any purchases made noncompetitively from a sole source.

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Monroe County, Mississippi

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

In addition, for areas not considered material to Monroe 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 February 2, 2018, on the financial statements of Monroe County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our finding and recommendation and your response are disclosed below:

Chancery Clerk.

Finding

Section 19-3-27, Miss. Code (Ann.), 1972, requires the Chancery Clerk, as clerk of the Board of Supervisors, to maintain a complete and correct record of the proceedings of the board. The minutes of each day's proceedings shall be signed by the president or vice president on or before the first Monday of the month following the day of adjournment and approved by the board as the first order of business on the first day of the next monthly meeting of the board. As of the date of fieldwork, the board minutes for a portion of fiscal year 2017, while being approved by the board and signed by the board president, had not been booked and paged in the minute books of the county. There were several months that were not complete. This failure could invalidate the actions of the board.

Recommendations

The Chancery Clerk should take immediate steps to get the board minutes current.

Chancery Clerk's Response

I am taking action to bring the board minutes current.

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

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

A handwritten signature in cursive script, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
February 2, 2018

MONROE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MONROE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.