PERRY COUNTY, MISSISSIPPI

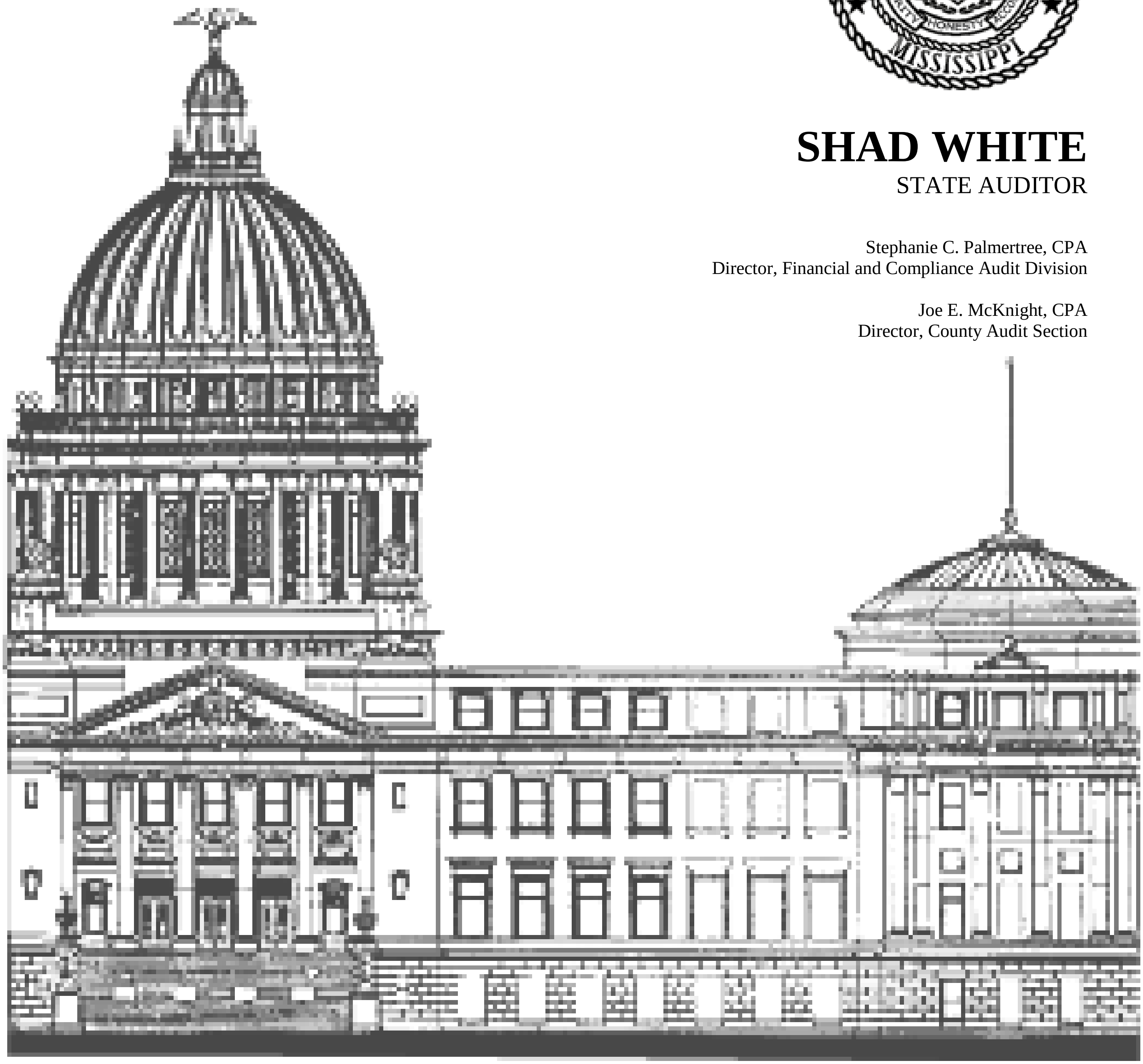
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

July 25, 2019

Members of the Board of Supervisors
Perry County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2017 financial and compliance audit report for Perry County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

Shad White

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PERRY COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Perry County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Perry County, Mississippi, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Perry County, Mississippi, has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019 on our consideration of Perry 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Perry County, Mississippi's 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 Perry County, Mississippi's internal control over financial reporting and compliance.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 25, 2019

PERRY COUNTY

FINANCIAL STATEMENTS

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PERRY COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

		Primary Government
		Governmental Activities
ASSETS		
Cash	$	6,863,258
Property tax receivable		5,625,758
Fines receivable (net of allowance for uncollectibles of $1,292,823)		196,145
Intergovernmental receivables		255,064
Other receivables		11,237
Capital assets:		
Land		927,560
Other capital assets, net		26,739,985
Total Assets		40,619,007
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		426,671
Total Deferred Outflows of Resources		426,671
LIABILITIES		
Claims payable		345,364
Intergovernmental payables		128,010
Accrued interest payable		55,015
Other payables		5,930
Long-term liabilities		
Other postemployment benefits payable		
Net pension liability		5,959,321
Due within one year:		
Capital debt		506,587
Due in more than one year:		
Capital debt		4,518,657
Non-capital debt		70,614
Total Liabilities		11,589,498
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		287,174
Deferred revenues - property taxes		5,625,758
Total Deferred Inflows of Resources		5,912,932
NET POSITION		
Net investment in capital assets		22,642,301
Restricted for:		
Expendable:		
General government		203,302
Public safety		108,046
Public works		2,197,121
Culture and recreation		437,305
Economic development and assistance		526,475
Debt service		108,299
Unemployment compensation		164,837
Unrestricted		(2,844,438)
Total Net Position	$	23,543,248

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

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

Exhibit 2

Functions/Programs		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Primary government:							
Governmental activities:							
General government	$	2,336,360	276,535	34,452			(2,025,373)
Public safety		1,705,411	163,879	123,915	3,087		(1,414,530)
Public works		4,196,989		1,236,989	32,900		(2,927,100)
Health and welfare		117,822		20,067			(97,755)
Culture and recreation		103,928	22,210				(81,718)
Education		121,863		121,863			
Conservation of natural resources		24,952					(24,952)
Economic development and assistance		43,398					(43,398)
Interest on long-term debt		188,802					(188,802)
Pension expense		786,302					(786,302)
Total Governmental Activities	$	9,625,827	462,624	1,537,286	35,987		(7,589,930)
General revenues:							
Property taxes						$	5,497,008
Road & bridge privilege taxes							159,845
Grants and contributions not restricted to specific programs							414,288
Unrestricted interest income							7,616
Miscellaneous							819,954
Total General Revenues							6,898,711
Changes in Net Position							(691,219)
Net Position - Beginning							24,234,467
Net Position - Ending						$	23,543,248

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

PERRY COUNTY

Balance Sheet - Governmental Funds

September 30, 2017

Exhibit 3

		Major Fund General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$	3,021,343	3,841,915	6,863,258
Property tax receivable		3,128,411	2,497,347	5,625,758
Fines receivable (net of allowance for uncollectibles of $1,292,823)		196,145		196,145
Intergovernmental receivables		92,508	162,556	255,064
Other receivables		10,898	339	11,237
Due from other funds			49,580	49,580
Total Assets	$	6,449,305	6,551,737	13,001,042
LIABILITIES				
Liabilities:				
Claims payable	$	91,374	253,990	345,364
Intergovernmental payables		122,462		122,462
Due to other funds		55,128		55,128
Other payables		5,930		5,930
Total Liabilities		274,894	253,990	528,884
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes		3,128,411	2,497,347	5,625,758
Unavailable revenue - fines		196,145		196,145
Total Deferred Inflows of Resources		3,324,556	2,497,347	5,821,903
Fund balances:				
Restricted for:				
General government			203,302	203,302
Public safety			108,046	108,046
Public works			2,197,121	2,197,121
Culture and recreation			437,305	437,305
Economic development and assistance			526,475	526,475
Debt service			163,314	163,314
Unemployment compensation			164,837	164,837
Unassigned		2,849,855		2,849,855
Total Fund Balances		2,849,855	3,800,400	6,650,255
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$	6,449,305	6,551,737	13,001,042

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

PERRY COUNTY

Exhibit 3-1

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

		Amount
Total Fund Balance - Governmental Funds	$	6,650,255
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 $48,203,738.		27,667,545
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		196,145
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(5,095,858)
Net pension obligations are not due and payalbe in the current period and, therefore, are not reported in the funds.		(5,959,321)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(55,015)
Deferred outflows of resources related to pensions		426,671
Deferred inflows of resources related to pensions		(287,174)
Total Net Position - Governmental Activities	$	23,543,248

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

PERRY COUNTY

Exhibit 4

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

For the Year Ended September 30, 2017

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 3,113,895	2,383,113	5,497,008
Road and bridge privilege taxes		159,845	159,845
Licenses, commissions and other revenue	140,724	3,560	144,284
Fines and forfeitures	123,880	15,367	139,247
Intergovernmental revenues	664,507	1,323,054	1,987,561
Charges for services	20,790	136,231	157,021
Interest income	7,616		7,616
Miscellaneous revenues	180,970	638,984	819,954
Total Revenues	4,252,382	4,660,154	8,912,536
EXPENDITURES			
Current:			
General government	2,044,226	338,716	2,382,942
Public safety	1,511,711	287,555	1,799,266
Public works	31,760	3,327,271	3,359,031
Health and welfare	101,446		101,446
Culture and recreation		103,928	103,928
Education	121,863		121,863
Conservation of natural resources	24,952		24,952
Economic development and assistance	25,000	18,398	43,398
Debt service:			
Principal	27,836	547,941	575,777
Interest	1,519	190,533	192,052
Total Expenditures	3,890,313	4,814,342	8,704,655
Excess of Revenues over (under) Expenditures	362,069	(154,188)	207,881
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	33,721	72,167	105,888
Proceeds from sale of capital assets	500	75,174	75,674
Compensation for loss of capital assets		15,200	15,200
Transfers in		86,875	86,875
Transfers out	(86,875)		(86,875)
Total Other Financing Sources and Uses	(52,654)	249,416	196,762
Net Changes in Fund Balances	309,415	95,228	404,643
Fund Balances - Beginning	2,540,440	3,705,172	6,245,612
Fund Balances - Ending	$ 2,849,855	3,800,400	6,650,255

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

PERRY 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

		Amount
Net Changes in Fund Balances - Governmental Funds	$	404,643
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of $1,255,630 exceeded capital outlays of $179,350 in the current period.		(1,076,280)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of $945 and the proceeds from the sale of $75,674 and the compensation for loss of $15,200 in the current period.		(89,929)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.		22,072
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 $575,777 exceeded debt proceeds of $105,888.		469,889
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 liability		104
The decrease in accured interest payable		3,250
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:		
Recording of pension expense for the current period		(786,302)
Recording of contributions made during the year		361,334
Change in Net Position of Governmental Activities	$	(691,219)

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

PERRY COUNTY

Statement of Fiduciary Assets and Liabilities

September 30, 2017

Exhibit 5

		Agency Funds
ASSETS		
Cash	$	35,581
Due from other funds		5,548
Total Assets		41,129
LIABILITIES		
Amounts held in custody for others		258
Intergovernmental payables		40,871
Total Liabilities	$	41,129

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

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(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Perry County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Perry County to present these financial statements on the primary government. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Perry County elected to report general infrastructure assets acquired after September 30, 1980, on the government-wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements as required. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

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

I. Deferred Outflows/Inflows of Resources:

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

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

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

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

J. Pensions.

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

K. Long-term Liabilities.

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

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

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

M. Property Tax Revenues:

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

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

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

P. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 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) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was $6,898,839, and the bank balance was $7,443,702. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

(3) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund		Amount
Other Governmental Funds	General Fund	$	49,580
Agency Funds	General Fund		5,548
Total		$	55,128

The receivables represent the tax revenue collected in September 2017, but not settled until October, 2017. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out		Amount
Other Governmental Funds	General Fund	$	86,875

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

(4) Intergovernmental Receivables.

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

Description		Amount
Governmental Activities:		
Legislative tax credit	$	71,457
Mississippi Department of Transportation - liter grant		1,014
Department of Human Resources reimbursement		1,688
Emergency management performance grant		15,959
Forestry cooperative agreement		190
Housing of prisoners reimbursement		2,200
Title III National Forestry reimbursement		113,395
State Aid Roads reimbursement		32,901
Mississippi Department of Transportation - overweight fines		16,260
Total Governmental Activities	$	255,064

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

(5) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments*	Balance Sept.30, 2017
Non-depreciable capital assets:					
Land	$ 927,560				927,560
Depreciable capital assets:					
Infrastructure	59,837,855				59,837,855
Buildings	7,486,745		124,500		7,362,245
Improvements other than buildings	103,916				103,916
Mobile equipment	4,779,236	53,024	262,011	26,439	4,596,688
Furniture and equipment	1,295,993	20,438		148,281	1,464,712
Leased property under capital leases	1,647,139	105,888		(174,720)	1,578,307
Total depreciable capital assets	75,150,884	179,350	386,511	0	74,943,723
Less accumulated depreciation for:					
Infrastructure	38,179,248	682,662			38,861,910
Buildings	3,367,421	121,445	99,600		3,389,266
Improvements other than buildings	41,896	4,157			46,053
Mobile equipment	4,065,753	104,652	196,982	23,795	3,997,218
Furniture and equipment	894,319	129,431		63,370	1,087,120
Leased property under capital leases	696,053	213,283		(87,165)	822,171
Total accumulated depreciation	47,244,690	1,255,630	296,582	0	48,203,738
Total depreciable capital assets, net	27,906,194	(1,076,280)	89,929	0	26,739,985
Governmental activities capital assets, net	$ 28,833,754	(1,076,280)	89,929	0	27,667,545

*Adjustments are for the reclassification of paid-off capital leases from leased property to mobile equipment and furniture and equipment.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	$ 68,931
Public safety	8,333
Public works	1,161,990
Health and welfare	16,376
Total governmental activities depreciation expense	$ 1,255,630

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

(6) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is $1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool’s retention, provided by Safety National Casualty Corporation, effective from January 1, 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.

(7) Operating Leases.

As Lessor:

On February 7, 2011, Perry County entered into a non-cancellable operating lease agreement with Hood Industries, Inc. for the lease of land owned by the County for the purpose of operating a hardwood mill. The operating lease stipulated that the lessee would pay $5,000 per month in lease payments commencing on March 1, 2011 for two (2) consecutive terms of five (5) years each. At the end of the lease term, Hood Industries, Inc. has the option to renew for an additional five (5) years.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was $60,000 for the year ended September 30, 2017.

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

Year Ending September 30		Amount
2018		60,000
2019		60,000
2020		60,000
2021		25,000
Total Minimum Payments Required	$	205,000

(8) Capital Leases.

As Lessee:

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

Classes of Property		Governmental Activities
Mobile equipment	$	1,372,466
Furniture and equipment		205,841
Total		1,578,307
Less: Accumulated depreciation		(822,171)
Leased Property Under Capital Leases	$	756,136

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

	Governmental Activities	
Year Ending September 30	Principal	Interest
2018	$ 241,587	9,295
2019	152,434	5,632
2020	129,724	3,022
2021	53,793	1,492
2022	67,706	120
Total	$ 645,244	19,561

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were $361,334, $369,838, and $377,942, respectively, equal to the required contributions for each year.

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

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

At September 30, 2017, the County reported a liability of $5,959,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2017 net pension liability was 0.035849 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.001276 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, the County recognized pension expense of $786,302. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	89,425	43,483
Net difference between projected and actual earnings on pension plan investments		105,923	
Changes of assumptions		141,209	10,517
Changes in the proportion and differences between the County's contributions and proportionate share of contributions			233,174
County contribututions subsequent to the measurement date		90,114	
Total	$	426,671	287,174

$90,114 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30		Amount
2018	$	170,269
2019		9,539
2020		(15,312)
2021		(115,113)
Total	$	49,383

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

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	100.00 %	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 7,816,047	5,959,321	4,417,834

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

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

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General obligation road & bridge bonds	$ 4,380,000	3.50/4.25%	06/2030
B. Capital Leases:			
2013 Dodge Charger	$ 1,392	2.22%	01/2018
2013 Dodge Charger	5,967	2.17%	10/2018
2016 Ford F150 truck	19,570	1.87%	06/2021
2016 Ford Explorer	20,641	1.87%	06/2021
Chevy Tahoe	31,068	2.48%	04/2022
E911 CAD/GIS System	7,225	2.09%	12/2017
2014 Ford F150	3,241	2.03%	06/2018
2016 Freightliner garbage truck	75,891	2.09%	08/2020
2016 Freightliner garbage truck	75,891	2.09%	08/2020
Kubota tractor & Diamond boom mower	9,722	2.19%	05/2018
2015 Ford F150 truck	20,035	1.81%	03/2020
2017 Freightliner dump truck	55,068	1.81%	03/2020
John Deere backhoe	66,489	2.48%	04/2022
Kubota tractor	656	2.27%	10/2017
2016 Dodge Ram 1500 truck	15,679	1.81%	03/2020
District 3 - New Holland T4 95 Tractor	10,197	2.17%	12/2018
(2) Kubota tractors & (1) Diamond boom mower	14,985	2.19%	06/2018
2016 Chevrolet 1500 truck	23,733	1.87%	05/2021
Hydraulic crawler	98,941	1.88%	10/2021
John Deere backhoe	4,901	2.16%	01/2018
Motorgrader	19,648	2.17%	09/2018
District 5 - New Holland T4 95 Tractor	10,226	2.17%	01/2019
District 5 - New Holland T4 95 Tractor	12,210	2.17%	03/2019
Tiger boom mower w/ boom ditcher	41,868	1.87%	07/2021
Total Capital Leases	$ 645,244		

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 Principal	General Obligation Bonds Interest
2018	$	265,000	165,044
2019		280,000	155,769
2020		290,000	145,969
2021		300,000	135,819
2022		310,000	125,319
2023 - 2027		1,735,000	447,300
2028 - 2032		1,200,000	97,200
Total	$	4,380,000	1,272,420

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 3.50% of the latest property assessments.

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

		Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:							
Compensated absences	$	70,718		104		70,614	
General obligation bonds		4,640,000		260,000		4,380,000	265,000
Capital leases		855,133	105,888	315,777		645,244	241,587
Total	$	5,565,851	105,888	575,881	0	5,095,858	506,587

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

(11) 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.

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

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

Description	Balance at Sept. 30, 2017
Industrial revenue bonds	$ 73,000,000

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of ($2,844,438) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of $90,114 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The $336,557 balance of the deferred outflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The $287,174 balance of the deferred inflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next four years.

(14) Joint Ventures.

The County participates in the following joint ventures:

Perry County is a participant with the Counties of Covington and Jones, and the Cities of Hattiesburg, Laurel and Petal in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Pine Belt Regional Solid Waste Authority. The joint venture was created to dispose of solid waste in members of the authority. The Perry County Board of Supervisors appoints one of 12 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Pine Belt Regional Solid Waste Authority can be obtained from P.O. Box 1898, Hattiesburg, MS 39403.

Perry County is a participant with the Town of Richton in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Richton-Perry County Airport. The joint venture was created to provide an airport facility available for use by the general public. The five members of the board of directors are appointed as follows: Perry County, two; Town of Richton, two; jointly by Perry County and the Town of Richton, one. Complete financial statements for the Richton-Perry County Airport can be obtained from the City Hall at 208 Front South Street in Richton, Mississippi.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mississippi Regional Housing Authority VIII operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each county and one appointed at large. The counties generally provide no financial support to the organization.

Pearl River Valley Opportunity, Inc., operates in a district composed of the counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Perry County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. The County provides a modest amount of financial support when matching funds are required for federal grants.

Southeast Mississippi Air Ambulance District provides air ambulance services to the counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Perry County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated $41,532 for support of the district in fiscal year 2017.

Pine Belt Mental Health Care Resources operates in a district composed of the counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Perry County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated $25,459 for support of the entity in fiscal year 2017.

Southern Mississippi Planning and Development District operates in a district composed of the counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Perry County Board of Supervisors appoints one of the 27 members of the board of directors. The County appropriated $23,063 for support of the district in fiscal year 2017.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Perry County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated $302,121 for maintenance and support of the college in fiscal year 2017.

(16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Perry County evaluated the activity of the County through July 25, 2019, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Souce of Financing
11/27/2017	2.69%	$ 28,407	Capital lease	Ad valorem taxes
01/05/2018	2.89%	115,889	Capital lease	Ad valorem taxes
04/09/2018	2.89%	32,257	Capital lease	Ad valorem taxes
05/07/2018	3.29%	25,548	Capital lease	Ad valorem taxes
05/07/2018	3.29%	38,724	Capital lease	Ad valorem taxes
09/04/2018	3.31%	106,059	Capital lease	Ad valorem taxes
01/30/2019	3.35%	53,482	Capital lease	Ad valorem taxes
02/11/2019	3.52%	46,525	Capital lease	Ad valorem taxes
03/25/2019	3.29%	30,717	Capital lease	Ad valorem taxes
03/25/2019	3.29%	137,725	Capital lease	Ad valorem taxes
03/25/2019	3.29%	137,725	Capital lease	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 3,045,171	3,104,020	3,104,020	
Licenses, commissions and other revenue	136,250	141,975	141,975	
Fines and forfeitures	136,500	126,066	126,066	
Intergovernmental revenues	896,936	840,604	840,604	
Charges for services	25,000	46,270	46,270	
Interest income		7,616	7,616	
Miscellaneous revenues	156,656	141,471	141,471	
Total Revenues	4,396,513	4,408,022	4,408,022	0
EXPENDITURES				
Current:				
General government	2,641,226	2,083,549	2,083,549	
Public safety	1,679,461	1,492,396	1,492,396	
Public works	1,000	1,000	1,000	
Health and welfare	114,949	101,356	101,356	
Education	422,000	251,504	251,504	
Conservation of natural resources	27,598	24,952	24,952	
Debt service:				
Principal		27,837	27,837	
Interest		1,519	1,519	
Total Expenditures	4,886,234	3,984,113	3,984,113	0
Excess of Revenues over (under) Expenditures	(489,721)	423,909	423,909	0
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets		5,577	5,577	
Transfers in	100,587	102,914	102,914	
Transfers out	(95,875)	(188,789)	(188,789)	
Other financing uses	(50,750)	(56,132)	(56,132)	
Total Other Financing Sources and Uses	(46,038)	(136,430)	(136,430)	0
Net Change in Fund Balance	(535,759)	287,479	287,479	0
Fund Balances - Beginning	2,130,801	2,569,391	2,569,391	0
Fund Balances - Ending	$ 1,595,042	2,856,870	2,856,870	0

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

PERRY COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

		2017	2016	2015
County's proportion of the net pension liability (asset)		0.035849%	0.037125%	0.038333%
County's proportionate share of the net pension liability (asset)	$	5,959,321	6,631,451	5,925,525
County's covered payroll	$	2,299,759	2,374,978	2,394,838
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability		61.49%	57.47%	61.70%

* The 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 is available.

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

PERRY COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

		2017	2016	2015
Contractually required contribution	$	361,334	369,838	377,942
Contributions in relation to the contractually required contribution		361,334	369,838	377,942
Contribution deficiency (excess)	$	0	0	0
County's covered payroll	$	2,294,181	2,348,175	2,399,626
Contributions as a percentage of covered payroll		15.75%	15.75%	15.75%

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

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

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

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

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

		Governmental Fund Type
		General Fund
Budget (Cash Basis)	$	287,479
Increase (Decrease)		
Net adjustments for revenue accruals		(229,910)
Net adjustments for expenditure accruals		251,846
GAAP Basis	$	309,415

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions.

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

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

SUPPLEMENTAL INFORMATION

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PERRY COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2017

Operating Expenditures, Cash Basis:		
Salaries	$	318,648
Expendable Commodities:		
Gasoline and petroleum products		40,218
Repair parts		13,189
Clothing		322
Maintenance		9,504
Insurance on equipment		9,331
Solid waste disposal fees		137,328
Telephone and utilities		2,530
Supplies		2,190
Solid Waste Cash Basis Operating Expenditures		533,260
Full Cost Expenses:		
Indirect administrative costs		13,586
Depreciation on equipment		50,976
Interest on solid waste debt		3,852
Net effect of other accrued expenses		(3,021)
Solid Waste Full Cost Operating Expenses	$	598,653

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OTHER INFORMATION

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

Name	Position	Company	Bond
Bobby R. Bolton	Supervisor District 1	FCCI Insurance Group	$100,000
William K. Shows	Supervisor District 2	FCCI Insurance Group	$100,000
Thomas W. Walley	Supervisor District 3	FCCI Insurance Group	$100,000
Mitchell Hinton	Supervisor District 4	FCCI Insurance Group	$100,000
Marcus D. Williams	Supervisor District 5	Western Surety Company	$100,000
Vickie Walters	Chancery Clerk	FCCI Insurance Group	$100,000
Karah C. Miller	Purchase Clerk	Western Surety Company	$75,000
Natalie Harvison	Assistant Purchase Clerk	Brierfield Insurance Company	$50,000
Sheryl Bradley	Receiving Clerk	Sure Tec Insurance Company	$75,000
Patrick L. Thomas	Assistant Receiving Clerk	RLI Insurance Company	$50,000
Billy J. Mills	Assistant Receiving Clerk	FCCI Insurance Group	$50,000
Phillip Dunnam	Assistant Receiving Clerk	FCCI Insurance Group	$50,000
James P. Bryant	Assistant Receiving Clerk	FCCI Insurance Group	$50,000
Natalie Harvison	Inventory Control Clerk	Brierfield Insurance Company	$75,000
Natalie Harvison	Comptroller	Brierfield Insurance Company	$100,000
Guy A. Harvison	Constable	Travelers Casualty & Surety	$50,000
Wayne Penton	Constable	FCCI Insurance Group	$50,000
Martha Clark	Circuit Clerk	FCCI Insurance Group	$100,000
Christy P. Mayo	Deputy Circuit Clerk	FCCI Insurance Group	$50,000
Leslie A. Deakle	Deputy Circuit Clerk	RLI Insurance Company	$50,000
Rachel E. Sullivan	Deputy Circuit Clerk	Brierfield Insurance Company	$50,000
James M. Noble	Sheriff	Western Surety Company	$100,000
Carl Griffin	Justice Court Judge	Travelers Casualty & Surety	$50,000
William T. Odom	Justice Court Judge	Travelers Casualty & Surety	$50,000
Teresa Watford	Justice Court Clerk	FCCI Insurance Group	$50,000
Spicie Christine Dunnam	Deputy Justice Court Clerk	FCCI Insurance Group	$50,000
Tabitha S. Brewer	Deputy Justice Court Clerk	Brierfield Insurance Company	$50,000
Jamie Lynn Herring	Deputy Justice Court Clerk	FCCI Insurance Group	$50,000
Leslie A. Cochran	Tax Assessor-Collector	FCCI Insurance Group	$100,000
Barbara Stallings	Deputy Tax Collector	Western Surety Company	$50,000
Pattie Beall	Deputy Tax Collector	FCCI Insurance Group	$50,000
Kayla Fulmer	Deputy Tax Collector	FCCI Insurance Group	$50,000
Hallie O. Herring	Deputy Tax Collector	FCCI Insurance Group	$50,000
Greta E. Gavin	Deputy Tax Collector	Western Surety Company	$50,000

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PERRY COUNTY

SPECIAL REPORTS

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Perry County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Perry County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 25, 2019.

Internal Control Over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2017-002, 2017-003, 2017-005, 2017-006 and 2017-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant

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agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We also noted certain matters which we have reported to the management of Perry County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 25, 2019, including within this document.

Perry County's Responses to Findings

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

Purpose of this Report

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

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 25, 2019

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Perry County, Mississippi

We have examined Perry County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Perry County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Perry 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.

In our opinion, Perry 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 and, in our opinion, is fairly presented in relation to that examination.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 25, 2019

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PERRY COUNTY

<u>Schedule 1</u>

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2017

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

PERRY COUNTY

Schedule 2

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

Our tests did not identify any emergency purchases.

PERRY COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source

For the Year Ended September 30, 2017

Date	Item Purchased		Amount Paid	Vendor
7/27/2017	Recycled concrete	$	8,214	MD Trucking
8/08/2017	Recycled concrete		4,492	MD Trucking
8/14/2017	Recycled concrete		2,970	MD Trucking
9/26/2017	Recycled concrete		2,287	MD Trucking

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Perry County, Mississippi

In planning and performing our audit of the financial statements of Perry County, Mississippi for the year ended September 30, 2017, we considered Perry 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 Perry 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 July 25, 2019, on the financial statements of Perry County, Mississippi.

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

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

Circuit Clerk.

1. <u>A proper fee account cash journal should be maintained and reconciled to the bank statement on a monthly basis.</u>

Repeat Finding Yes

Criteria An effective system of internal control should include maintaining a fee journal and reconciling the bank statement to the fee journal.

Condition The fee journal was not properly posted and the bank statement was not reconciled to the fee journal monthly. Due to the omission of controls, we noted erroneous amounts were posted to the fee journal, along with miscalculations and unreconciled balances. The Clerk inaccurately reported fewer expenses on the Annual Financial Report to erroneously reflect the net retirement wage to be $90,000.

Cause The Circuit Clerk lacks the proper internal controls necessary for maintaining a fee journal and reconciling the bank statements to the fee journal.

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Effect	Therefore, the Clerk's Annual Financial Report understated expenses in the amount of $1,484, which resulted in a net retirement wage of $88,896.
Recommendation	The Circuit Clerk should implement controls to ensure the fee journal is properly maintained and reconciled monthly to the bank account. Also, the Clerk should amend the 2017 Annual Financial Report and submit the amended form to the Mississippi Public Employees' Retirement System (PERS).
Views of Responsible Official(s)	I will comply.

Sheriff.

2.	<u>The Sheriff should improve controls over the drug fund.</u>
Repeat Finding	No
Criteria	Section 99-27-37, Miss. Code Ann. (1972), requires that the amount available for monetary rewards for information leading to the apprehension of any person subsequently convicted of any crime or misdemeanor committed within the state shall be fixed by the Board of Supervisors.
Condition	The Perry County Sheriff's office has an account which they use to purchase information and evidence. During our testing of buy money vouchers, it was noted that not all vouchers included the signature of at least one individual witnessing the payment and the signature of the confidential payee if utilized, and the Supervisor.
Cause	The Sheriff did not comply with state law.
Effect	Failure to properly document all payments for the purchase of information and evidence increases the risk of the loss or misappropriation of public funds.
Recommendation	The Sheriff should establish controls to ensure at all payments for the purchase of information and evidence are properly documented.
Views of Responsible Official(s)	I will implement effective internal control policies to ensure that there will be three signature per cash voucher.

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

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

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 25, 2019

SCHEDULE OF FINDINGS AND RESPONSES

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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? Yes

   b. Significant deficiencies identified? Yes

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2017-001. Internal controls should be strengthened to include adequate segregation of duties for the County's general accounting functions.

Repeat Finding Yes

Criteria An effective system of internal control should include an adequate segregation of duties.

Condition As reported in the prior six years' audit reports, the County's accounting system is not adequately segregated to assure a proper internal control structure. Based on test work, we noted the following internal control structure weaknesses in the County's accounting structure:

a. The comptroller acts as the assistant purchase clerk, prepares the monthly docket of claims, prints disbursement checks, and is the inventory control clerk.

b. Receipt warrants are posted to the general ledger by the comptroller, who maintains the general ledger.

c. The comptroller also prepares payroll.

Cause The Board of Supervisors lacks the proper segregation of duties necessary to maintain effective internal controls.

Effect These conditions could result in unrecorded transactions, undetected errors or misappropriation of funds.

Recommendation The Board of Supervisors should implement effective internal control policies that allow for the proper segregation of duties with respect to control of the general ledger, purchasing, and inventory accounting functions.

Views of Responsible Official(s) We will comply within the limits that budgetary constraints allow.

Chancery Clerk.

Significant Deficiency

2017-002. Bank deposits should be made on a daily basis.

Repeat Finding Yes

Criteria An effective system of internal control over cash requires that daily bank deposits be made.

Condition The Chancery Clerk failed to make daily deposits throughout the fiscal year.

Cause The Chancery Clerk lacks the proper controls over cash.

Effect The failure to make daily bank deposits could result in the loss or misappropriation of public funds.

Recommendation The Chancery Clerk should implement internal controls to ensure that daily bank deposits are made.

Views of Responsible Official(s) I have talked with my staff and settlements are to be turned in daily, so we can make deposits as soon as possible. I will abide by the law.

Justice Court Clerk.

Significant Deficiency

2017-003. The Justice Court Clerk should establish adequate segregation of duties.

Repeat Finding Yes

Criteria An effective system of internal control over cash should include an adequate segregation of duties.

Condition As reported in the prior three years' audit reports, it was noted that controls were inadequate over cash. The Clerk receipts monies, prepares all bank deposits, reconciles the bank statements, posts receipts to the cash journals, prepares monthly settlement reports, and makes all disbursements.

Cause The Justice Court Clerk lacks the proper segregation of duties necessary to maintain effective internal controls.

Effect The failure to implement adequate controls over cash in the Justice Court office could result in the loss or misappropriation of public funds.

Recommendation The Justice Court Clerk should ensure that there is an adequate segregation of duties in the collecting, recording and settlement functions.

Views of Responsible Official(s) I will comply to the best of my ability.

Sheriff.

Material Weakness

2017-004. Internal controls over the payroll function in the Sheriff's office should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over the payroll function in the Sheriff's office should include keeping accurate and complete records of each employee's work hours and compensation.

Condition During the testing of payroll, the following deficiencies were noted:

a. Payroll for the Sheriff's office was processed from copies of timesheets rather than originals.

b. Sheriff's employees and department heads were not signing off on timesheets in an effort to verify hours worked.

c. Hours for the Sheriff's office are not properly and accurately calculated. In some instances, there are amendments made two to three months after payroll has been approved and processed by the Board of Supervisors.

Cause The Sheriff lacks the appropriate controls necessary over the payroll function.

Effect Without proper controls, unauthorized or inaccurate payroll checks could be processed.

Recommendation The Sheriff should implement effective internal controls over the County's payroll function to ensure payroll is accurate and complete.

Views of Responsible Official(s) I will implement effective internal control policies to ensure that the timesheets are being signed with ink. The prior submitted timesheets are the originals and were being signed every month with an electronic signature pad.

Sheriff.

Significant Deficiency

2017-005. Internal controls over the inmate canteen should be strengthened.

Repeat Finding Yes

Criteria An effective system of internal control over the inmate canteen fund should include the settlement of canteen commissions to the County in a timely manner.

Condition As reported in the prior two years' audit reports, controls were inadequate over cash. During testwork, it was noted that five (5) out of twelve (12) commissions received were not settled to the County in a timely manner.

Cause The Sheriff lacks the appropriate controls necessary over the inmate canteen fund.

Effect The failure to implement adequate internal controls over cash could result in inaccurate reporting, incomplete settlements, and the increased possibility of the loss or misappropriation of public funds.

Recommendation The Sheriff should ensure that all commissions received are properly settled to the County in a timely manner.

Views of Responsible Official(s) I will implement effective internal control policies to ensure that commissions received are properly settled to the County in a timely manner.

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

Sheriff.

Significant Deficiency

2017-006.	Internal controls in the Sheriff's office should be strengthened.
Repeat Finding	Yes
Criteria	An effective system internal control for collecting, recording, and disbursing cash in the Sheriff's office should include making disbursements in a timely manner.
Condition	As reported in the prior year's audit report, controls over cash are inadequate. Based on test work, nine (9) of the twelve (12) settlements were not made in a timely manner.
Cause	The Sheriff's office lacks the proper internal controls necessary for collecting, recording, and disbursing cash.
Effect	The failure to implement controls over the collecting, recording, and disbursing of cash in the Sheriff's office could result in the loss or misappropriation of public funds.
Recommendation	The Sheriff should implement effective internal control policies to ensure that monies are settled to the County in a timely manner.
Views of Responsible Official(s)	I will implement effective internal control policies to ensure that deposits are made in a timely manner. I will also make sure monies received are settled to the County in a timely manner.

Tax Assessor-Collector.

Significant Deficiency

2017-007.	The Tax Assessor-Collector should establish adequate segregation of duties.
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include an adequate segregation of duties.
Condition	As reported in the prior two years' audit reports, it was noted that controls were inadequate over cash. The Tax Assessor-Collector makes all deposits, reconciles bank statement, maintains cash journals, prepares monthly settlements, and makes all disbursements.
Cause	The Tax Assessor-Collector lacks the proper segregation of duties necessary to maintain effective internal controls.
Effect	The failure to implement controls over cash in the Tax Collector's office could result in the loss or misappropriation of public funds.
Recommendation	The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collecting, recording, and settlement functions.
Views of Responsible Official(s)	I will comply; however, the budget does not allow for any additional help to be hired to segregate duties.

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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BOBBY R. BOLTON, District 1
KEVIN SHOWS, District 2
THOMAS W. WALLEY, District 3
MITCHELL HINTON, District 4
MARCUS WILLIAMS, District 5

PERRY COUNTY
OFFICE OF
BOARD OF SUPERVISORS
NEW AUGUSTA, MISSISSIPPI 39462
PHONE NO. (601) 964-8370
FAX NO. (601) 964-8265

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended September 30, 2017

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentleman:

The Perry County Board of Supervisors respectfully submits the following summary schedule of prior audit findings relative to federal awards.

SCHOOLS AND ROADS – GRANTS TO STATES

2016 Finding No. 4: Schools and Roads – Grants to States, CFDA No. 10.665

Condition: The County received a total of (10) National Forest Distribution Title I payments during fiscal year 2016. However during our audit test procedures, we noted two (2) of these payments were not properly settled to Perry County Schools.

Recommendation: The Perry County Board of Supervisors should take the necessary steps to ensure that fifty percent of the total National Forest Distribution Title I funds are properly settled to the County's public school.

Current Status: Corrective action was taken.

Sincerely,

Mitchell Hinton
President, Perry County Board of Supervisors