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Sharkey County, Mississippi

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

Fortenberry & Ballard, PC
Certified Public Accountants

Sharkey County Location in Mississippi



Sharkey County is located in the Mississippi Delta region of the United States state of Mississippi. As of 2010, the population was 4,916. Its County seat is Rolling Fork. It is named after William L. Sharkey, the provisional Governor of Mississippi in 1865. Sharkey County was formed in 1876.

Sharkey County, Mississippi
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Sharkey County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Sharkey 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 the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include the financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Sharkey County, Mississippi, as of September 30, 2017, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sharkey County, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position, thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Sharkey County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Operating Costs of Solid Waste 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Budgetary Comparison Schedule, the Schedule of Capital Assets, the Schedule of Changes in Long-Term Debt, the Schedule of Surety Bonds for County Officials, the Schedule of Interfund Loans and Advances and corresponding notes have 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 such information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2018, on our consideration of the Sharkey 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 Sharkey 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 Sharkey County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
August 9, 2018

Certified Public Accountants

FINANCIAL STATEMENTS

SHARKEY COUNTY, MISSISSIPPI

Statement of Net Position - Cash Basis

September 30, 2017

Exhibit 1

		Governmental Activities
ASSETS		
Cash	\$	2,345,940
Total Assets		<u>2,345,940</u>
NET POSITION		
Restricted:		
Expendable:		
General government		32,398
Public safety		16,039
Public works		848,753
Health and welfare		385,695
Culture and recreation		25,606
Conservation of natural resources		14,165
Economic development and assistance		8,090
Unrestricted		<u>1,015,194</u>
Total Net Position	\$	<u>2,345,940</u>

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

SHARKEY COUNTY, MISSISSIPPI

Statement of Activities - Cash Basis

For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 1,668,135	177,962	28,949		(1,461,224)
Public safety	747,876	53,802	211	11,119	(682,744)
Public works	1,887,534	319,904	74,505		(1,493,125)
Health and welfare	1,188,894		26,351	494,200	(668,343)
Culture and recreation	74,729			60,249	(14,480)
Conservation of natural resources	44,997				(44,997)
Economic development and assistance	2,458				(2,458)
Debt service:					
Principal	235,391				(235,391)
Interest	58,318				(58,318)
Total Governmental Activities	<u>5,908,332</u>	<u>551,668</u>	<u>130,016</u>	<u>565,568</u>	<u>(4,661,080)</u>
General receipts:					
Property taxes				\$	3,406,315
Road & bridge privilege taxes					49,021
Grants and contributions not restricted to specific programs					707,489
Unrestricted interest income					21,961
Miscellaneous					93,383
Proceeds of long term debt					310,668
Sale of county property					28,147
Total General Receipts and Other Cash Sources					<u>4,616,984</u>
Changes in Net Position					<u>(44,096)</u>
Net Position - Beginning, as previously reported					2,432,919
Prior period adjustment					<u>(42,883)</u>
Net Position - Beginning, as restated					<u>2,390,036</u>
Net Position - Ending				\$	<u><u>2,345,940</u></u>

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

SHARKEY COUNTY, MISSISSIPPIExhibit 3

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

September 30, 2017

	Major Funds		Other	Total
	General	Hospital Bond	Governmental	Governmental
	Fund	Proceeds	Funds	Funds
	Fund	Fund	Funds	Funds
ASSETS				
Cash	\$ 1,015,194	277,448	1,053,298	2,345,940
Total Assets	\$ 1,015,194	277,448	1,053,298	2,345,940
FUND BALANCES				
Restricted for:				
General government	\$		32,398	32,398
Public safety			16,039	16,039
Public works			848,753	848,753
Health and welfare		277,448	108,247	385,695
Culture and recreation			25,606	25,606
Conservation of natural resources			14,165	14,165
Economic development and assistance			8,090	8,090
Unassigned	1,015,194			1,015,194
Total Fund Balances	\$ 1,015,194	277,448	1,053,298	2,345,940

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

SHARKEY COUNTY, MISSISSIPPIExhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
 Governmental Funds
 For the Year Ended September 30, 2017

	Major Funds		Other	Total
	General	Hospital Bond	Governmental	Governmental
	Fund	Proceeds	Funds	Funds
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 2,254,510	61,039	1,090,766	3,406,315
Road and bridge privilege taxes			49,021	49,021
Licenses, commissions and other receipts	102,315		2,793	105,108
Fines and forfeitures	84,425			84,425
Intergovernmental receipts	281,892	494,200	626,981	1,403,073
Charges for services			362,135	362,135
Interest income	20,197		1,764	21,961
Miscellaneous receipts	59,361	15	34,007	93,383
Total Receipts	<u>2,802,700</u>	<u>555,254</u>	<u>2,167,467</u>	<u>5,525,421</u>
DISBURSEMENTS				
General government	1,554,644		113,491	1,668,135
Public safety	642,867		105,009	747,876
Public works			1,887,534	1,887,534
Health and welfare	263,790	747,434	177,670	1,188,894
Culture and recreation	25,080		49,649	74,729
Conservation of natural resources	44,997			44,997
Economic development and assistance	2,458			2,458
Debt service:				
Principal	22,321	27,000	186,070	235,391
Interest and bond issuance costs	3,400	26,029	28,889	58,318
Total Disbursements	<u>2,559,557</u>	<u>800,463</u>	<u>2,548,312</u>	<u>5,908,332</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>243,143</u>	<u>(245,209)</u>	<u>(380,845)</u>	<u>(382,911)</u>
OTHER CASH SOURCES (USES)				
Proceeds of long-term debt			310,668	310,668
Proceeds from sale of capital assets			28,147	28,147
Transfers in			85,000	85,000
Transfers out			(85,000)	(85,000)
Total Other Cash Sources and Uses	<u>-</u>	<u>-</u>	<u>338,815</u>	<u>338,815</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>243,143</u>	<u>(245,209)</u>	<u>(42,030)</u>	<u>(44,096)</u>
Cash Basis Fund Balances - Beginning, as previously reported	814,934	522,657	1,095,328	2,432,919
Prior period adjustment	(42,883)			(42,883)
Cash Basis Fund Balances - Beginning, as Restated	<u>772,051</u>	<u>522,657</u>	<u>1,095,328</u>	<u>2,390,036</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,015,194</u>	<u>277,448</u>	<u>1,053,298</u>	<u>2,345,940</u>

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

SHARKEY COUNTY, MISSISSIPPIStatement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2017Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	146,238
Total Assets	\$	146,238
LIABILITIES		
Intergovernmental payables	\$	138,680
Amounts held in custody for others		7,558
Total Liabilities	\$	146,238

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

Sharkey County, Mississippi

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

Sharkey County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2017

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Sharkey 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. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Sharkey County, Mississippi to present these financial statements on the primary government and its component units which have a significant operational or financial relationship with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Sharkey - Issaquena Community Hospital
- Sharkey - Issaquena County Library

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 - Cash Basis and a Statement of Activities - Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Sharkey County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2017

Government-wide Financial Statements:

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis 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 receipts and other nonexchange receipts. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position - Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities - Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts 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, fund balances, receipts and disbursements. 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, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. The basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash

Sharkey County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

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

Hospital Bond Proceeds Fund - This fund is used to account for expenditures of bond proceeds toward designated hospital capital project(s).

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 cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Capital Project Fund - This fund is used to account for and report financial resources that are restricted, or assigned to disbursement 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.

Sharkey County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

E. Deposits

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

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

F. Equity Classifications

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

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."

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted resources are available, and amounts in the unrestricted classification 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.

Sharkey County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

Government fund balance is classified as nonspendable, restricted, committed, assigned 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 disbursements paid 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 a disbursement is paid 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 disbursements are paid 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.

G. Property Tax Receipts

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

Sharkey County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits

Primary Government

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$2,345,940 in the governmental funds and \$146,238 in the fiduciary funds. The bank balance was \$2,483,423. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(3) 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

Sharkey County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(4) 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 disbursement of resources for allowable purposes. The County may be responsible for any disallowances.

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.

(5) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the counties of Bolivar, Issaquena, Sharkey and Washington. The Sharkey County Board of Supervisors appoints one of the four members of the commissioners. The County appropriated \$49,000 for support of the Delta Community Mental Health Services in fiscal year 2017.

Mississippi Delta Community College operates in a district composed of the counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Sharkey County Board of Supervisors appoints three of the 20 members of the College Board of trustees. The County appropriated \$146,179 for maintenance and support of the College in fiscal year 2017.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Sharkey County Board of Supervisors appoints three of the 22 members of the Board of Directors. The County contributes only a small part of the entity's total revenues.

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Sharkey County Board of Supervisors appoints one of the 21 members of the

Sharkey County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

Board of Commissioners. The County contributed \$39,142 to support the district in fiscal year 2017.

(6) Defined Benefit Pension Plan

Plan Description

Sharkey County contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy

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 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 \$248,206 \$240,309 and \$237,677, respectively, equal to the required contributions for each year.

(7) Prior Period Adjustment

Prior period adjustments in the amount of (\$42,883) in the General Fund was for the inclusion of revenue generated from County lease of agricultural property. Amount shown is an annual payment made by lessee.

SUPPLEMENTARY INFORMATION

SHARKEY COUNTY, MISSISSIPPI

Schedule of Operating Costs of Solid Waste

For the Year Ended September 30, 2017

OPERATING DISBURSEMENTS, CASH BASIS

Salaries	\$	218,451
Expendable Commodities:		
Gasoline and petroleum products		39,284
Repairs and parts		27,685
Garbage cans for customers		575
Solid waste pickup and disposal fees		106,962
Maintenance, supplies and utilities		8,938
Postage and box rent		<u>4,980</u>
Solid Waste Cash Basis Operating Costs Disbursements	\$	<u><u>406,875</u></u>

OTHER INFORMATION

SHARKEY COUNTY, MISSISSIPPI
 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)
RECEIPTS				
Property taxes	\$ 1,875,399	2,254,510	2,254,510	-
Licenses, commissions and other receipts	87,000	102,315	102,315	-
Fines and forfeitures	72,000	84,425	84,425	-
Intergovernmental receipts	177,900	281,892	281,892	-
Charges for services	200			-
Interest income	10,000	20,197	20,197	-
Miscellaneous receipts	35,000	59,361	59,361	-
Total Receipts	<u>2,257,499</u>	<u>2,802,700</u>	<u>2,802,700</u>	<u>-</u>
DISBURSEMENTS				
Current:				
General government	1,742,015	1,541,531	1,554,644	(13,113)
Public safety	637,788	656,862	642,867	13,995
Health and welfare	276,109	263,790	263,790	-
Culture and recreation	23,750	25,080	25,080	-
Conservation of natural resources	45,346	44,997	44,997	-
Economic development and assistance	2,458	2,458	2,458	-
Debt service:				
Principal	-	-	22,321	(22,321)
Interest and bond issuance costs	-	-	3,400	(3,400)
Total Disbursements	<u>2,727,466</u>	<u>2,534,718</u>	<u>2,559,557</u>	<u>(24,839)</u>
Excess of Receipts over (under) Disbursements	<u>(469,967)</u>	<u>267,982</u>	<u>243,143</u>	<u>(24,839)</u>
Cash Basis Fund Balances - Beginning, as previously reported	469,967	746,540	814,934	68,394
Prior period adjustment	-	-	(42,883)	(42,883)
Cash Basis Fund Balances - Beginning, as restated	<u>469,967</u>	<u>746,540</u>	<u>772,051</u>	<u>25,511</u>
Cash Basis Fund Balances - Ending	<u>\$ -</u>	<u>1,014,522</u>	<u>1,015,194</u>	<u>672</u>

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

SHARKEY COUNTY, MISSISSIPPI

Schedule of Interfund Loans and Advances

For the Year Ended September 30, 2017

UNAUDITED

The following is a summary of interfund balances for the year ended September 30, 2017:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Balance at Sept. 30, 2017
Other Governmental Funds	General Fund	\$ 12,083
Hospital Bond Proceeds	General Fund	1,776
General Fund	Other Governmental Funds	50,000
Total		<u>\$ 63,859</u>

B. Advances To/From Other Funds:

Receivable Fund	Payable Fund	Balance at Sept. 30, 2017
General Fund	Other Governmental Funds	\$ 39,511
Other Governmental Funds	General Fund	28,467
Other Governmental Funds	Other Governmental Funds	40,000
Total		<u>\$ 107,978</u>

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

SHARKEY COUNTY, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2017
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Land	\$ 90,871				90,871
Infrastructure	21,426,125				21,426,125
Buildings	1,467,952				1,467,952
Mobile equipment	1,422,594	29,900	10,960	27,500	1,469,034
Furniture and equipment	81,540				81,540
Leased property under capital leases	1,364,795	260,668		(27,500)	1,597,963
Total capital assets	\$ 25,853,877	290,568	10,960	-	26,133,485

Adjustments made to remove leased property bought back by lessor in previous periods.

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

SHARKEY COUNTY, MISSISSIPPI

Schedule of Changes in Long-term Debt

For the Year Ended September 30, 2017

UNAUDITED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2016	Issued	Principal Payments	Adjustments	Balance Sept. 30, 2017
Governmental Activities:								
A. General Obligation Bonds:								
Hospital Bonds, Series 2015	12/2015	12/2030	3 - 4.00%	550,000		27,000		523,000
B. Capital Leases:								
Tractor - District 1	02/2012	03/2017	2.55%	18,929		18,929		-
Motor Grader - District 2	05/2012	06/2017	2.03%	121,439		4,602	(116,837) **	-
IBM System Upgrade - Board	09/2012	09/2017	2.19%	9,781		9,781		-
Caterpillar Bulldozer - Solid Waste	11/2014	11/2018	2.01%	147,933		23,400		124,533
Backhoe - District 1	06/2015	06/2020	2.19%	67,102		4,961		62,141
Caterpillar Motor Grader - Districts 3 & 4	06/2015	06/2020	2.01%	197,201		10,778		186,423
Caterpillar Motor Grader - Districts 1 & 5	06/2015	06/2020	2.01%	197,201		10,461		186,740
Backhoe - Districts 4 & 5	07/2015	07/2020	2.23%	69,022		5,168		63,854
Bat Wing Cutter - District 1	05/2016	05/2021	2.28%	18,600		3,978		14,622
2016 Mack Dump Truck - General Road	05/2016	06/2019	1.75%	112,769		15,836		96,933
Excavator - General Road	07/2016	07/2020	2.29%			10,888	45,000 *	34,112
2017 Mack Dump Truck - General Road	07/2016	08/2019	1.77%	119,194		16,941		102,253
2016 Mack Dump Truck - Solid Waste	07/2016	08/2019	1.69%	183,772		32,266		151,506
2017 Mack Dump Truck - Solid Waste	08/2016	09/2021	2.17%	153,238		21,158		132,080
(2) 2016 Ford Explorers - Sheriff	08/2016	08/2021	2.22%	65,444		12,540		52,904
2017 F-150 Crew Cab - District 5	01/2017	01/2022	3.00%		29,900	4,749		25,151
Tractor - District 2	03/2017	03/2022	4.50%		17,000	1,955		15,045
Caterpillar Motor Grader - District 2	09/2017	09/2022	2.54%		213,768			213,768
C. Other Loans:								
District 1 Road Projects	07/2017	07/2022	4.00%		50,000			50,000
Total				\$ 2,031,625	310,668	235,391	(71,837)	2,035,065

*item refinanced noted as a buyback in prior year

** equipment buyback

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

SHARKEY COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2017

UNAUDITED

Name	Position	Company	Bond
Bill Newsom	Supervisor District 1	Travelers	\$100,000
Leroy Smith, Jr.	Supervisor District 2	Travelers	\$100,000
Sam Matthews	Supervisor District 3	Travelers	\$100,000
W.T. Ewing	Supervisor District 4	Travelers	\$100,000
King Evans, Jr.	Supervisor District 4	Travelers	\$100,000
Willie Smith	Supervisor District 5	Western Surety	\$100,000
Murindia Williams	Chancery Clerk	Travelers	\$100,000
Diana Sutton	Deputy Clerk	Travelers	\$50,000
Donna Baugh	Deputy Clerk	Travelers	\$50,000
John Bass	Deputy Clerk	Travelers	\$50,000
Murindia Williams	Purchase Clerk	Travelers	\$75,000
Donna Baugh	Assistant Purchase Clerk	Travelers	\$50,000
Donna Anderson	Receiving Clerk	Travelers	\$75,000
Diana Sutton (General Road)	Assistant Receiving Clerk	Travelers	\$50,000
Henry Dennis (District 1)	Assistant Receiving Clerk	Travelers	\$50,000
Ellis Stamps (District 2)	Assistant Receiving Clerk	Travelers	\$50,000
Charles Ray Coleman (District 3)	Assistant Receiving Clerk	Travelers	\$50,000
James Davis (District 4)	Assistant Receiving Clerk	Travelers	\$50,000
Diana Sutton (District 5)	Assistant Receiving Clerk	Travelers	\$50,000
Karenthia Jones	Assistant Receiving Clerk	Travelers	\$50,000
Lynn Newman (DHS)	Assistant Receiving Clerk	Travelers	\$50,000
Donna Baugh	Inventory Control Clerk	Travelers	\$75,000
Terrance Alford	Constable Post 1	Travelers	\$50,000
Charlie Marshall	Constable Post 2	Travelers	\$50,000
Murindia Williams	Circuit Clerk	Travelers	\$100,000
Diana Sutton	Deputy Clerk	Travelers	\$50,000
Donna Baugh	Deputy Clerk	Travelers	\$50,000
John Bass	Deputy Clerk	Travelers	\$50,000
Lindsey Adams	Sheriff	Travelers	\$100,000
Michael Daves	Deputy Sheriff*	Travelers	\$50,000
Carolyn Tillis	Deputy Sheriff*	Travelers	\$50,000
Stanley Coleman	Deputy Sheriff*	Travelers	\$50,000
William Bethley	Deputy Sheriff*	Travelers	\$50,000
Darris Pinkins	Deputy Sheriff*	Travelers	\$50,000
Herbert Ceaser	Deputy Sheriff*	Travelers	\$50,000
Angela Jenkins	Sheriff's Office Manager	Travelers	\$50,000
Charles Smith	Justice Court Judge Post 1	Travelers	\$50,000
Elvis C. Secoy	Justice Court Judge Post 2	Travelers	\$50,000
Princess Turner	Justice Court Clerk	Travelers	\$50,000
Belinda Cooper	Deputy Justice Court Clerk	Travelers	\$50,000
Patty Stevens	Deputy Justice Court Clerk	Travelers	\$50,000
Tracy Brown	Tax Collector-Assessor	Travelers	\$100,000
Cindy Wilson	Deputy Collector-Assessor	Travelers	\$50,000
Donna Anderson	Deputy Collector-Assessor	Travelers	\$50,000
Karenthia Jones	Deputy Collector-Assessor	Travelers	\$50,000
Marcus Hooker	County Engineer	Travelers	\$50,000

* hired under Section 45-5-9, Miss. Code Ann. (1972)

Sharkey County, Mississippi

Notes to the Other Information
For the year ended September 30, 2017

(1) Budgetary Comparison Information

A. Budgetary Information

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, 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 presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

(2) Long-Term Debt Information

A. 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 replaced washed out or collapsed bridges on the public roads of the county. As of September 30, 2017, the amount of outstanding debt was 1.06% of the latest property assessments.

Sharkey County, Mississippi

Notes to the Other Information
For the year ended September 30, 2017

(3) Subsequent Events

Subsequent to September 30, 2017, the County issued the following debt obligation(s):

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/31/2017	2.54%	\$ 127,528	Lease purchase	Ad valorem taxes

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Sharkey 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 funds, and the aggregate remaining fund information of Sharkey County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 9, 2018. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or

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significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Sharkey County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated August 9, 2018, included within this document.

Sharkey County, Mississippi's Response to Finding

Sharkey County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Sharkey County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
August 9, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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
Sharkey County, Mississippi

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

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

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

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

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

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This report is intended for use in evaluating the central purchasing system and inventory control system of Sharkey County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
August 9, 2018

Certified Public Accountants

Sharkey County, Mississippi

Schedule 1

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

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

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

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Purchase
08/07/17	Bridge repairs	\$ 72,000	BP Construction	Bridge closures caused citizens to be landlocked

Sharkey County, Mississippi

Schedule 3

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

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Sharkey County, Mississippi

In planning and performing our audit of the financial statements of Sharkey County, Mississippi (the County) for the year ended September 30, 2017, we considered Sharkey 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 Sharkey 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 August 9, 2018, on the financial statements of Sharkey 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 an immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation and your response are disclosed below:

Board of Supervisors.

1. Levy an ad valorem tax each year.

Criteria:

Section 27-39-329(2)(b), Miss. Code Ann. (1972), states each county shall levy each year an ad valorem tax of one (1) mill upon all taxable property of the county which may be used for any purpose for which counties are authorized by law to levy an ad valorem tax, but the avails of such tax levy shall not be expended unless and until the State Tax Commission has certified that

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the county has a method of maintaining assessment records in accordance with commission rules and regulations, has an ownership mapping system as provided in Section 27-35-53 in conformity with commission specifications, maintains certified appraisers as provided in Section 27-3-52, and complies with requests by the commission for sales data under Section 27-3-51.

Condition:

While the County has met the requirements of maintaining assessment records, has an ownership mapping system, maintains certified appraisers and complies with commission requests for sales data, the County has failed to levy the one (1) mill upon all taxable property under the code subsection 27-39-329(2)(b).

Cause:

The County did not levy and collect the one (1) mill upon all taxable property.

Effect:

County did not comply with Section 27-39-329(2)(b), Miss. Code Ann. (1972).

Recommendation:

The Board of Supervisors shall levy an ad valorem tax of one (1) mill upon all taxable property of the County which may be used for any purpose for which counties are authorized by law to levy an ad valorem tax. A fund shall be established to account for ad valorem collections to be recognized and recorded. Upon Department of Revenue approval, the Board of Supervisors will have discretion to transfer and expend collected funds.

Board of Supervisor's Response:

We will comply.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
August 9, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Sharkey County, Mississippi

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Governmental Activities: **Unmodified**
Aggregate Discretely Presented Component Units: **Adverse**
General Fund: **Unmodified**
Hospital Bond Proceeds Fund: **Unmodified**
Aggregate remaining fund information: **Unmodified**
2. Internal control over financial reporting:
 - a. Material weaknesses identified? **Yes**
 - b. Significant deficiencies identified? **None reported**
3. Noncompliance material to the financial statements noted? **None**

Section II: Financial Statements Findings

The results of our tests disclosed the following finding related to financial statements that is required to be reported by *Government Auditing Standards*.

Finding 2017-001

Material Weakness

Criteria:

It is required that the financial data of the County's component units be reported with the financial data of the County's primary government unless the County issues financial statements for the financial reporting entity that include the financial data of its component units.

Condition:

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

Cause:

Audited financial statements were not provided for the required presentation of the aggregate discretely presented component units (not presented in this report).

Effect:

Failure to include the data required by accounting principles resulted in an adverse opinion on the aggregate discretely presented component units.

Recommendation:

The Board of Supervisors should provide the financial data of all its component units.

Response:

We will continue to assess the cost benefit and efficiency of the implemented measures.