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

TALLAHATCHIE COUNTY, MISSISSIPPI

Contents

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	5
Statement of Activities	6
Balance Sheet – Government Funds	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Fund	11
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	12
Statement of Cash Flows – Proprietary Fund	13
Statement of Fiduciary Assets and Liabilities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) General Fund	35
Countywide Road Maintenance Fund	36
Schedule of the County's Proportionate Share of the Net Pension Liability	37
Schedule of County Contributions	38
Notes to Required Supplementary Information	39
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials	43
SPECIAL REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
SCHEDULE OF FINDINGS AND RESPONSES	47

TALLAHATCHIE COUNTY

FINANCIAL SECTION



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA

Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Tallahatchie County, Mississippi

Report on the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Members of Mississippi Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants

Adverse Opinion

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

Basis for Qualified Opinion on Governmental Activities, Business-type Activities, and the Solid Waste Fund

As discussed in Note 11 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities or Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities and Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities and Solid Waste Fund is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, Business-type Activities, and Solid Waste Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and Solid Waste Fund of Tallahatchie 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.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the County’s proportionate share of the net pension liability, and 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

Tallahatchie 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 Tallahatchie County, Mississippi's basic financial statements. The state legal compliance audit for the year ended September 30, 2017 was performed by the Mississippi Office of the State Auditor and covered the Schedule of Surety Bonds for County Officials. Therefore, the schedule is included in this report but has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2021, on our consideration of Tallahatchie County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tallahatchie 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 Tallahatchie County, Mississippi's internal control over financial reporting and compliance.

Oxford, Mississippi
February 28, 2021

Watkins Ward and Stafford, P.C.

TALLAHATCHIE COUNTY

FINANCIAL STATEMENTS

Tallahatchie County
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 10,347,301	94,396	10,441,697
Property tax receivable	8,129,093	-	8,129,093
Accounts receivable (net of allowance for uncollectibles of \$1,383,003)	-	47,647	47,647
Fines receivable (net of allowance for uncollectibles of \$4,399,804)	342,064	-	342,064
Intergovernmental receivables	93,235	-	93,235
Other receivables	44,792	-	44,792
Capital assets, net	24,350,437	269,685	24,620,122
Total Assets	43,306,922	411,728	43,718,650
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	436,884	18,203	455,087
Total Deferred outflows of Resources	436,884	18,203	455,087
LIABILITIES			
Claims payable	161,971	15,738	177,709
Intergovernmental payables	352,495	-	352,495
Accrued interest payable	26,772	1,396	28,168
Long-term liabilities			
Due within one year:			
Capital debt	450,600	123,501	574,101
Due in more than one year:			
Capital debt	1,646,774	75,491	1,722,265
Compensated absences	119,125	11,796	130,921
Net pension liability	7,325,518	320,246	7,645,764
Total Liabilities	10,083,255	548,168	10,631,423
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	8,129,093	-	8,129,093
Deferred inflows related to pensions	106,745	4,448	111,193
Total Deferred Inflows of Resources	8,235,838	4,448	8,240,286
NET POSITION			
Net investment in capital assets	22,253,063	70,693	22,323,756
Restricted:			
Expendable:			
General government	67,715	-	67,715
Public safety	379,420	-	379,420
Public works	2,906,305	(193,378)	2,712,927
Capital projects	26,132	-	26,132
Debt service	3,457	-	3,457
Unrestricted	(211,379)	-	(211,379)
Total Net Position	\$ 25,424,713	(122,685)	25,302,028

The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,767,236	177,213	440,379	-	(2,149,644)	-	(2,149,644)
Public safety	3,280,273	143,319	20,596	16,813	(3,099,545)	-	(3,099,545)
Public works	2,956,683	-	729,684	257,261	(1,969,738)	-	(1,969,738)
Health and Welfare	199,657	-	-	-	(199,657)	-	(199,657)
Culture and recreation	129,143	-	-	-	(129,143)	-	(129,143)
Conservation of Natural Resources	81,301	-	-	-	(81,301)	-	(81,301)
Economic Development	32,000	-	-	-	(32,000)	-	(32,000)
Interest on long-term debt	59,342	-	-	-	(59,342)	-	(59,342)
Pension Expense	496,240	-	-	-	(496,240)	-	(496,240)
Total Governmental Activities	10,001,875	320,532	1,190,659	274,074	(8,216,610)	-	(8,216,610)
Business-type activities:							
Solid Waste	562,564	471,513	-	-	-	(91,051)	(91,051)
Total Business-type Activities	562,564	471,513	-	-	-	(91,051)	(91,051)
Total Primary Government	\$ 10,564,439	792,045	1,190,659	274,074	(8,216,610)	(91,051)	(8,307,661)
General revenues:							
Property taxes					\$ 7,761,681	-	7,761,681
Road & bridge privilege taxes					128,131	-	128,131
Licenses, commissions, and fees					175,943	-	175,943
Fines and forfeitures					50,357	-	50,357
Unrestricted interest income					11,011	135	11,146
Rent income					940,304	-	940,304
Gain on sale of assets					36,362	5,179	41,541
Insurance proceeds					23,540	-	23,540
Interfund transfers					(143,153)	143,153	-
Miscellaneous					58,434	-	58,434
Total General Revenues					9,042,610	148,467	9,191,077
Changes in Net Position					826,000	57,416	883,416
Net Position - Beginning					24,598,713	(180,101)	24,418,612
Net Position - Ending					\$ 25,424,713	(122,685)	25,302,028

The accompanying notes to the financial statements are an integral part of these statements.

Tallahatchie County
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds			
		Countywide		
	General	Road	Other	Total
	Fund	Maintenance	Governmental	Governmental
		Fund	Funds	Funds
ASSETS				
Cash	\$ 6,997,612	2,785,538	564,151	10,347,301
Property tax receivable	4,896,757	3,069,351	162,985	8,129,093
Fines receivable (net of allowance for uncollectibles of 4,399,804)	342,064	-	-	342,064
Intergovernmental Receivables	10,334	73,226	9,675	93,235
Other receivables	36,960	-	7,832	44,792
Total Assets	\$ <u>12,283,727</u>	<u>5,928,115</u>	<u>744,643</u>	<u>18,956,485</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 114,577	47,120	274	161,971
Intergovernmental payables	342,495	-	10,000	352,495
Total Liabilities	<u>457,072</u>	<u>47,120</u>	<u>10,274</u>	<u>514,466</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,896,757	3,069,351	162,985	8,129,093
Unavailable revenue - fines	342,064	-	-	342,064
Total deferred inflows of resources	<u>5,238,821</u>	<u>3,069,351</u>	<u>162,985</u>	<u>8,471,157</u>
Fund Balances:				
Restricted for:				
General government	-	-	67,715	67,715
Public safety	-	-	379,420	379,420
Public works	-	2,811,644	94,660	2,906,304
Capital Projects	-	-	26,132	26,132
Debt service	-	-	3,457	3,457
Unassigned	6,587,834	-	-	6,587,834
Total Fund Balances	<u>6,587,834</u>	<u>2,811,644</u>	<u>571,384</u>	<u>9,970,862</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>12,283,727</u>	<u>5,928,115</u>	<u>744,643</u>	<u>18,956,485</u>

The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 3-1

Total Fund Balance - Governmental Funds	\$ 9,970,862
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$9,879,992	24,350,437
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(2,216,499)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	342,064
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(26,772)
Pension obligations are not due and payable in the current period and, therefore are not reported in the funds.	(7,325,518)
Deferred outflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	436,884
Deferred inflows related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	<div style="border-top: 1px solid black;">(106,745)</div>

Total Net Position - Governmental Activities	<div style="border-top: 3px double black;">\$ 25,424,713</div>
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The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 4

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,945,069	2,648,294	168,318	7,761,681
Road and bridge privilege taxes	-	128,131	-	128,131
Licenses, commissions, & other revenue	175,943	-	-	175,943
Fines and forfeitures	50,357	-	-	50,357
Intergovernmental revenues	440,379	729,684	20,596	1,190,659
Charges for services	177,213	-	143,319	320,532
Interest income	7,705	2,777	529	11,011
Grant income	-	207,260	66,814	274,074
Rent income	910,023	-	30,281	940,304
Miscellaneous revenues	17,059	36,440	4,935	58,434
Total Revenues	<u>6,723,748</u>	<u>3,752,586</u>	<u>434,792</u>	<u>10,911,126</u>
EXPENDITURES				
Current:				
General government	2,398,718	-	76,541	2,475,259
Public safety	2,942,118	-	214,656	3,156,774
Public works	-	2,500,130	145,018	2,645,148
Health and welfare	199,935	-	-	199,935
Culture and recreation	129,143	-	-	129,143
Conservation of natural resources	81,301	-	-	81,301
Education	32,000	-	-	32,000
Capital outlay	188,355	473,995	68,335	730,685
Debt Service:				
Principal	14,982	433,459	76,273	524,714
Interest	1,552	58,420	5,317	65,289
Total Expenditures	<u>5,988,104</u>	<u>3,466,004</u>	<u>586,140</u>	<u>10,040,248</u>
Excess of Revenue over (under) expenditures	<u>735,644</u>	<u>286,582</u>	<u>(151,348)</u>	<u>870,878</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	164,463	-	164,463
Proceeds from sale of capital assets	6,839	-	9,127	15,966
Transfers in	107,548	-	46,661	154,209
Transfers out	(297,362)	-	-	(297,362)
Total Other Fin. Sources & Uses	<u>(182,975)</u>	<u>164,463</u>	<u>55,788</u>	<u>37,276</u>
Net Changes in Fund Balance	<u>552,669</u>	<u>451,045</u>	<u>(95,560)</u>	<u>908,154</u>
Fund Balance-Beginning	<u>6,035,165</u>	<u>2,360,599</u>	<u>666,944</u>	<u>9,062,708</u>
Fund Balances - Ending	<u>\$ 6,587,834</u>	<u>2,811,644</u>	<u>571,384</u>	<u>9,970,862</u>

The accompanying notes to the financial statements are an integral part of these statements.

Tallahatchie County
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

Exhibit 4-1

Net Changes in Fund Balances - Governmental Funds	\$ 908,154
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$998,676 and adjustments of \$281,884 exceeded capital outlay of \$730,685 in the current period. See note 5.	(549,875)
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In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$36,362 and the proceeds from the sale of \$15,966 in the current period.	(20,396)
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Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduced 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 of debt payments of \$524,714.	524,714
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Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(496,240)
Recognition of contributions made subsequent to the measurement date	104,609
Recognition of contributions made prior to the measurement date	348,603

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:

Change in accrued interest payable	(5,947)
Change in compensated absences	<u>12,378</u>

Change in Net Position of Governmental Activities	\$ <u><u>826,000</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 5

	Business-type Activities - Enterprise Fund Solid Waste Fund
<u>ASSETS</u>	
Current assets:	
Cash	\$ 94,396
Accounts receivable (net of allowance for uncollectibles of \$1,383,003)	47,647
Total Current Assets	<u>142,043</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	269,685
Total Noncurrent Assets	<u>269,685</u>
Total Assets	<u>411,728</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pensions	<u>18,203</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Claims payable	15,738
Accrued Interest	1,396
Capital debt:	
Capital leases payable	123,501
Total Current Liabilities	<u>140,635</u>
Noncurrent liabilities:	
Capital debt:	
Capital leases payable	75,491
Non-capital debt:	
Compensated absences payable	11,796
Net pension liability	320,246
Total Noncurrent Liabilities	<u>407,533</u>
Total Liabilities	<u>548,168</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows related to pensions	<u>4,448</u>
 <u>NET POSITION</u>	
Net investment in capital assets	70,693
Restricted for public works	(193,378)
Total Net Position	<u>\$ (122,685)</u>

The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 6

	Business-type Activities - Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 471,513
Total Operating Revenues	<u>471,513</u>
Operating Expenses	
Personnel services	214,880
Contractual services	134,979
Materials and supplies	108,624
Pension expense	20,678
Depreciation expense	71,894
Total Operating Expenses	<u>551,055</u>
Operating Income (Loss)	<u>(79,542)</u>
Nonoperating Revenues (Expenses)	
Interest income	135
Interest expense	(11,509)
Transfer In	143,153
Gain on sale of capital assets	5,179
Net Non-Operating Revenue (Expenses)	<u>136,958</u>
Changes in Net Position	<u>57,416</u>
Net Position - Beginning	(180,101)
Net Position Ending	<u>\$ (122,685)</u>

The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 7

**Business-type
Activities -
Enterprise Fund
Solid Waste
Fund**

Cash Flows From Operating Activities	
Receipts from customers	\$ 471,513
Payments to suppliers	(233,582)
Payments to employees	(225,558)
Net Cash Provided (Used) by Operating Activities	<u>12,373</u>
Cash Flows From Capital and Related Financing Activities	
Gain on sale of capital assets	5,179
Proceeds from sale of capital assets	64,750
Principal paid on long-term debt	(176,346)
Interest paid on debt	(11,509)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(117,926)</u>
Cash Flows From Investing Activities	
Interest on investments	135
Net Cash Provided (Used) by Investing Activities	<u>135</u>
Cash Flows From Other Sources	
Transfer In	143,153
Net Cash Provided (Used) by Other Sources	<u>143,153</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,735
Cash and Cash Equivalents at Beginning of Year	56,661
Cash and Cash Equivalents at End of Year	<u><u>\$ 94,396</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (79,542)
Adjustments to reconcile operating income to net cash	
provided (used) by operating activities:	
Depreciation expense	71,894
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(2,828)
(Increase) decrease in other receivables	871
(Increase) decrease in deferred outflows of resources	33,974
Increase (decrease) in deferred inflows of resources	61
Increase (decrease) in claims payable	(2,156)
Increase (decrease) in accrued interest	(634)
Increase (decrease) in compensated absences liability	1,654
Increase (decrease) in pension liability	(10,921)
Total Adjustments	<u>91,915</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 12,373</u></u>

Noncash Capital Financing Activity:

Tallahatchie County lease purchased mobile equipment for \$217,872 for 5 years at 4.00% interest.

The accompanying notes to the financial statements are an integral part of these statements.

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

Exhibit 8

	Agency Funds
<u>ASSETS</u>	
Cash	\$ 8,263
Total Assets	<u>8,263</u>
<u>LIABILITIES</u>	
Intergovernmental Payables	8,263
Total Liabilities	<u>\$ 8,263</u>

The accompanying notes to the financial statements are an integral part of these statements.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies.

a. Financial Reporting Entity.

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

Management has chosen to omit from 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 of all the county's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Tallahatchie County General Hospital
- Tallahatchie County Library System
- Tallahatchie Fire Districts

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

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-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 non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. 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 presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

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 business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

c. Measurement Focus and Basis of Accounting.

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

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

Governmental fund 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 Funds:

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

County Wide Road Maintenance Fund – This fund is used to account for state aid and non-state aid road resources received that are restricted for improvements to county roads and bridges.

The county reports the following major Enterprise Fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – 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.

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

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.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

e. Deposits and Investments. (Continued)

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. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets 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. Tallahatchie County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

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

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

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

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 12 for additional details.

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

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

Property tax for future reporting period/unavailable revenue-property taxes – Deferred inflows of resources should be reported as resources associated with imposed nonexchange 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.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

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 and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

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

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

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

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

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

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed.

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

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(1) Summary of Significant Accounting Policies (continued)

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

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

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 and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Deposits

The carrying amount of the county's total deposits with financial institutions at September 30, 2017, was \$10,449,960, and the bank balance was \$10,413,243. 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.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(3) Interfund Transactions and Balances.

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

Transfers In/Out:

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ 46,661
Enterprise Fund	General Fund	143,153
General Fund	Reappraisal (General Fund)	107,548
Total		<u>\$ 297,362</u>

The principal purpose of interfund transfers was to provide funds for operating expenses or reallocate tax revenues from prior year. 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:	
Other state receivables	\$ 93,235
Total Governmental Activities	<u>\$ 93,235</u>

TALLAHATCHIE COUNTY
Notes to Financial Statements

(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	Reclass	Adjustments	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>						
Land	\$ 1,063,554	-	-	-	-	1,063,554
Constuction in progress	6,011,018	61,789	-	(91,871)	178,181	6,159,117
Total non-depreciable capital assets	7,074,572	61,789	-	(91,871)	178,181	7,222,671
<u>Depreciable capital assets:</u>						
Infrastructure	11,774,033	60,878	-	91,871	102,303	12,029,085
Buildings	7,718,343	-	-	-	-	7,718,343
Mobile equipment	3,064,165	602,018	(11,845)	-	1,400	3,655,738
Furniture and equipment	1,252,521	6,000	-	-	-	1,258,521
Leased property under capital lease	2,491,611	-	(145,540)	-	-	2,346,071
Total depreciable capital assets	26,300,673	668,896	(157,385)	91,871	103,703	27,007,758
<u>Less accumulated depreciation for:</u>						
Infrastructure	2,493,888	325,219	-	-	-	2,819,107
Buildings	3,266,929	92,553	-	-	-	3,359,482
Mobile equipment	2,458,129	256,176	(10,661)	-	-	2,703,644
Furniture and equipment	360,881	48,040	-	-	-	408,921
Leased property under capital leases	338,347	276,688	(26,197)	-	-	588,838
Total accumulated depreciation	8,918,174	998,676	(36,858)	-	-	9,879,992
Total depreciable capital assets, net	17,382,499	(329,780)	(120,527)	91,871	103,703	17,127,766
Governmental activities capital assets, net	\$ 24,457,071	(267,991)	(120,527)	-	281,884	24,350,437
<u>Business-type Activities:</u>						
<u>Depreciable capital assets:</u>						
Mobile Equipment	69,300	-	-	-	-	69,300
Furniture Equipment	7,495	-	-	-	-	7,495
Leased Property Under Capital Leases	534,419	-	(140,761)	-	-	393,658
Total depreciable capital assets	611,214	-	(140,761)	-	-	470,453
<u>Less accumulated depreciation for:</u>						
Mobile Equipment	57,445	-	-	-	-	57,445
Furniture Equipment	1,038	1,038	-	-	-	2,076
Leased Property Under Capital Leases	146,402	70,856	(76,011)	-	-	141,247
Total accumulated depreciation	204,885	71,894	(76,011)	-	-	200,768
Total depreciable capital assets, net	406,329	(71,894)	(64,750)	-	-	269,685
Business-type activities capital assets, net	\$ 406,329	(71,894)	(64,750)	-	-	269,685

TALLAHATCHIE COUNTY
Notes to Financial Statements

(5) Capital Assets (continued).

Adjustments were made to construction work in process and infrastructure to record previously unrecorded assets.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 291,085
Public safety	118,123
Public works	589,468
Total governmental activities depreciation expense	<u>\$ 998,676</u>
Business-type activities:	
	\$ 71,894
Total business-type activities depreciation expense	<u>\$ 71,894</u>

The following is a summary of remaining financial commitments to complete construction work in process for the year ended September 30, 2017.

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Adams Road - South End Project	\$ 21,409	October-17
Goad Road	12,888	March-18
Grenada Road	12,573	March-18
Hunter Creek - South End Project	38,187	October-17
Johnson Drive	24,222	June-18
Rounsaville Circle Project	18,018	October-17
Scallions Road	18,012	August-18
Tutwiler Road-North End	79,963	August-18
Total remaining commitment	<u>225,272</u>	

(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.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(7) Capital Leases.

As Lessee:

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

<u>Classes of property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile Equipment	\$ 2,346,071	\$ 393,658
Less: Accumulated Depreciation	<u>(588,838)</u>	<u>(141,247)</u>
Leased property under capital lease	<u>\$ 1,757,233</u>	<u>\$ 252,411</u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 305,390	42,251	\$ 123,501	6,860
2019	314,424	33,217	75,491	3,020
2020	985,642	24,710	-	-
2021	105,893	1,590	-	-
Total	<u>\$ 1,711,349</u>	<u>101,768</u>	<u>\$ 198,992</u>	<u>9,880</u>

(8) Long-term Debt.

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

<u>Description</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Road Improvement Refunding Bonds, Series 2012	208,526	2.17%	12/19/18
Total General Obligation Bonds	<u>\$ 208,526</u>		
B. Capital Leases:			
Excavator	75,479	2.09%	8/05/19
Graders (6)	1,086,859	1.96%	11/07/19
2017 Mack Trucks (5)	549,011	4.00%	5/01/21
Total Capital Leases	<u>\$ 1,711,349</u>		
C. Other Loans:			
Due West (3rd Loan)	133,905	3.00%	12/01/21
Tallahatchie County Wood Products	43,594	3.00%	7/01/20
Total Other Loans	<u>\$ 177,499</u>		
Business-type Activities:			
A. Capital Leases:			
2011 Garbage Trucks (2)	50,915	1.84%	3/03/18
2017 West Star Chasis (2)	148,077	4.00%	7/06/19
Total Capital Leases	<u>\$ 198,992</u>		

TALLAHATCHIE COUNTY
Notes to Financial Statements

(8) Long-term Debt (continued).

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		Other Loans	
	Principal	Interest	Principal	Interest
2018	\$ 103,144	4,525	42,066	4,750
2019	105,382	2,287	43,345	3,470
2020	-	-	40,522	2,163
2021	-	-	29,132	1,149
2022	-	-	22,434	281
Total Governmental Activities	\$ 208,526	6,812	177,499	11,813

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 bond to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2017, the amount of outstanding debt was equal to 2.39% 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:

Governmental Activities:	Balance				Balance	Amount due
	Oct. 1, 2016	Additions	Reductions	Adjustments	Sept. 30, 2017	Within one Year
Compensated absences	\$ 106,747	12,378	-	-	119,125	-
General obligation bonds	309,480	-	100,954	-	208,526	103,144
Capital leases	2,094,284	-	382,935	-	1,711,349	305,390
Other loans	218,324	-	40,825	-	177,499	42,066
Total	\$ 2,728,835	12,378	524,714	-	2,216,499	450,600

Business-type Activities:

Capital leases	\$ 375,338	-	175,956	(390)	198,992	123,501
Compensated absences	10,142	1,654	-	-	11,796	-
Total	\$ 385,480	1,654	175,956	(390)	210,788	123,501

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(9) 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.

General Obligations Debt Contingencies – In July 2009, Mississippi Development Bank issued \$5,748,200 of United States Department of Agriculture Rural Development Insured Bonds. These bonds are to provide funds for constructing and improving capital facilities of the Tallahatchie General Hospital. Such debt is being retired from pledged resources of that entity and therefore, is reported as a liability of that entity. However, because Special Obligation Bonds are backed by the full faith, credit, and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at the year-end is as follows:

	Balance at September 30, 2017
Mississippi Development Bank Special Obligation Bond, USDA- Insured Mortgage Bonds, R-1 Series, with final maturity July 2044 with interest of 4.25%	\$ 4,393,700
Mississippi Development Bank Special Obligation Bond, USDA- Insured Mortgage Bonds, R-2 Series, with final maturity July 2044 with interest of 4.38%	706,138
	<u>\$ 5,099,838</u>

(10) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Northwest Mississippi Community College (the College) operates in a district composed of the Counties of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Tallahatchie County Board of Supervisors appoints two of the 23 members of the College Board of Trustees. The County appropriated \$136,552 for the maintenance and support of the College in fiscal year 2017.

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Tallahatchie County Board of Supervisors appoints one of the 12 members of the College Board of Trustees. The County appropriated \$113,960 for the maintenance and support of the district for the fiscal year 2017.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Tallahatchie County Board of Supervisors appoints one of the 21 members of the board of commissioners. The County appropriated \$61,150 to help finance the operations of the district in fiscal year 2017.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(10) Jointly Governed Organizations (continued).

Mid-State Opportunity, Inc. operates in a district composed of the Counties of Desoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tallahatchie County Board of Supervisors appoints two of the 30 board members. The County appropriated \$12,000 in funds for support of the agency in fiscal year 2017.

The Region 1 Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie, and Tunica. The Tallahatchie County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$18,700 for support of the center for fiscal year 2017.

North Delta Planning and Development District is composed of the Counties of Coahoma, Desoto, Panola, Quitman, Tallahatchie, Tate, and Tunica. The Tallahatchie County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$32,000 for the operation of the district in fiscal year 2017.

(11) Other Postemployment Benefits.

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

(12) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. The 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 or by calling (601) 359-3589 or 1-800-444-PERS.

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(12) Defined Benefit Pension Plan (continued).

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. PERS members are required to contribute 9.00% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The employer's rate as of 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 to PERS for the fiscal years ending September 30, 2017, 2016, and 2015 were \$463,833, \$457,079, and \$437,464, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for the year ended September 30, 2017

At September 30, 2017, the county reported a liability of \$7,645,764 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 0.045994%, which was based on a measurement date of June 30, 2017. This was an increase of 0.001662% 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 \$516,918. 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	\$ -	98,164
Net difference between projected and actual earnings on pension plan investments	54,057	
Changes of assumptions	169,937	13,029
Changes in proportion and differences between the entity's contributions and proportionate share of overall contributions	122,125	-
Entity's contributions subsequent to the measurement date	108,968	-
Total	\$ <u>455,087</u>	\$ <u>111,193</u>

TALLAHATCHIE COUNTY
Notes to Financial Statements

(12) Defined Benefit Pension Plan (continued).

\$108,968 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2018	\$	174,127
2019		173,335
2020		35,151
2021		(147,688)

Actuarial assumptions. The collective total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included 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 2017, 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.

TALLAHATCHIE COUNTY
Notes to Financial Statements

(12) Defined Benefit Pension Plan (continued).

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27 %	4.60 %
International Equity	18	4.50
Emerging Markets Equity	4	4.75
Global	12	4.75
Fixed Income	18	0.75
Real Estate	10	3.50
Private Equity	8	5.10
Emerging Debt	2	2.25
Cash	1	-
Total	<u>100 %</u>	

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share	\$ <u>10,027,930</u>	\$ <u>7,645,764</u>	\$ <u>5,668,049</u>

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

TALLAHATCHIE COUNTY
Notes to Financial Statements

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$211,379) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$104,609 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 \$332,273 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$106,745 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

The business-type activities' restricted for public works net position amount of (\$193,378) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$4,359 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 \$13,845 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years. The \$4,448 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

(14) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from the estimates.

(15) The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state law. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will include a Purchasing Report and Limited Compliance Review Report.

(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 Tallahatchie County evaluated the activity of the County through February 28, 2021, and determined that the following event required disclosure: On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the County's operations. As of February 28, 2021, the County reports an adverse effect on revenue, workforce or related costs which can be attributed directly to COVID-19. The County has continued all operations but does expect a disruption in sales tax revenue.

TALLAHATCHIE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,816,357	4,929,906	4,929,906	-
Licenses, commissions and other revenue	102,065	265,337	265,337	-
Fines and forfeitures	87,100	86,948	86,948	-
Intergovernmental revenues	331,950	628,050	628,050	-
Charges for services	202,316	130,123	130,123	-
Interest income	6,255	6,778	6,778	-
Rent revenues	-	1,188,955	1,188,955	-
Miscellaneous revenues	981,440	31,182	31,182	-
Total Revenues	<u>6,527,483</u>	<u>7,267,279</u>	<u>7,267,279</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,522,493	2,354,876	2,354,876	-
Public safety	3,258,007	2,926,722	2,926,722	-
Health and welfare	207,245	198,986	198,986	-
Culture and recreation	134,245	128,083	128,083	-
Conservation of natural resources	85,241	79,798	79,798	-
Economic development and assistance	16,000	32,000	32,000	-
Capital outlay	112,128	197,435	197,435	-
Debt service:				-
Principal	14,982	14,982	14,982	-
Interest	1,553	1,553	1,553	-
Total Expenditures	<u>6,351,894</u>	<u>5,934,435</u>	<u>5,934,435</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>175,589</u>	<u>1,332,844</u>	<u>1,332,844</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	103,094	108,124	108,124	-
Other financing uses	(146,724)	(297,362)	(297,362)	-
Total Other Financing Sources and Uses	<u>(43,630)</u>	<u>(189,238)</u>	<u>(189,238)</u>	<u>-</u>
Net Change in Fund Balance	131,959	1,143,606	1,143,606	-
Fund Balances - Beginning	6,371,477	6,371,477	6,371,477	-
Fund Balances - Ending	<u>\$ 6,503,436</u>	<u>7,515,083</u>	<u>7,515,083</u>	<u>-</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,954,914	2,661,691	2,661,691	-
Road and bridge privilege taxes	-	128,651	128,651	-
Intergovernmental revenues	783,057	838,836	838,836	-
Interest income	2,512	2,524	2,524	-
Miscellaneous revenues	-	-	-	-
	<u>3,740,483</u>	<u>3,631,702</u>	<u>3,631,702</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	2,288,041	2,621,578	2,621,578	-
Capital outlay	503,000	473,995	473,995	-
Debt service:				
Principal	1,002,603	433,459	433,459	-
Interest	-	58,420	58,420	-
Total Expenditures	<u>3,793,644</u>	<u>3,587,452</u>	<u>3,587,452</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(53,161)</u>	<u>44,250</u>	<u>44,250</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	-	-	-
Other financing uses	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(53,161)	44,250	44,250	-
Fund Balances - Beginning	<u>2,482,319</u>	<u>2,482,319</u>	<u>2,482,319</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,429,158</u>	<u>2,526,569</u>	<u>2,526,569</u>	<u>-</u>

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

TALLAHATCHIE COUNTY, MISSISSIPPI
Schedule of the County's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.045994%	0.044332%	0.045497%	0.045012%
County's proportionate share of the net pension liability	\$ 7,645,764	7,918,802	7,032,939	5,463,633
County's covered payroll	2,959,468	2,847,581	2,842,419	2,750,444
County's proportionate share of the net pension liability as a percentage of its covered payroll	258%	278%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	57%	57%	62%	67%

* The amounts presented for the fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, 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.

TALLAHATCHIE COUNTY, MISSISSIPPI
Schedule of County Contributions
PERS
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 463,833	457,079	437,464	428,417
Contributions in relation to the contractually required contribution	463,833	457,079	437,464	428,417
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	2,944,971	2,902,089	2,777,549	2,720,108
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented 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.

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

(1) Budgetary Comparison Schedules.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

C. Budget/GAAP Reconciliation (continued)

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

	Governmental Fund Types	
	General Fund	Countywide Road Maintenance Fund
Budget (Cash Basis) - change in fund balance	\$ 1,143,606	44,250
Increase (Decrease)		
Net adjustments for revenue accruals	(534,830)	285,347
Net adjustments for expenditure accruals	(56,107)	121,448
GAAP Basis - change in fund balance	\$ 552,669	451,045

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

A. 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

B. 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 3.5% to 3.00% and 8.00% to 7.75%, respectively.

2016

- The assumed rate of interest credited to employee contributions was changed from 3.5% to 2.00%.

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

B. Changes of Assumptions (continued).

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The Wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%

C. 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

TALLAHATCHIE COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Eddie Meeks	Board of Supervisor	Western Surety	\$100,000
Johnny Goodwin	Board of Supervisor	Western Surety	\$100,000
Kenneth Havens	Board of Supervisor	Western Surety	\$100,000
Marcus Echols	Board of Supervisor	Western Surety	\$100,000
Larry Gene Cole	Board of Supervisor	Western Surety	\$100,000
Randy Wolfe	County Administrator	RLI	\$100,000
Maura Melton	Inventory Control Clerk	Western Surety	\$95,000
Clifton Harris	Road Manager	RLI	\$50,000
William Brewer	Sheriff	Western Surety	\$100,000
Martha McMullen	Sheriff's Department Bookkeeper	RLI	\$25,000
Various	Deputies	Various	\$50,000
Jerry Williams III	Constable	Western Surety	\$50,000
Clifton Bailey	Constable	RLI	\$50,000
Anita Greenwood	Purchase Clerk	RLI	\$75,000
Brenda Wilkinson	Assistant Purchase Clerk	RLI	\$50,000
Yolanda Hudson	Receiving Clerk	Western Surety	\$75,000
Glenda Standridge	Receiving Clerk	Western Surety	\$75,000
Various	Assistant Receiving Clerks	Various	\$50,000
Anita Greenwood	Chancery Clerk	Western Surety	\$100,000
Glenda Standridge	Deputy Chancery Clerk	Western Surety	\$75,000
Various	Assistant Deputy Chancery Clerks	Various	\$50,000
Denise Washington	Justice Court Judge	FCCI	\$50,000
Jimmy Fly	Justice Court Judge	Western Surety	\$50,000
Ann-Margaret Kihnl	Justice Court Clerk	RLI	\$50,000
Mona Herring	Justice Court Clerk	Western Surety	\$50,000
Various	Deputy Justice Court Clerks	Various	\$50,000
Dorothy Martin	Tax Assessor/Collector	RLI	\$100,000
Various	Deputy Tax Collectors	Various	\$50,000
Kelly Greenwood	County Engineer	RLI	\$10,000
Daphne Neal	Circuit Clerk	Western Surety	\$100,000
Various	Deputy Circuit Clerks	Various	\$50,000
Lakita Brown	Solid Waste Coordinator	RLI	\$50,000
Amy Burt	Flood Plain Administrator	RLI	\$10,000
Ashley Williams	Flood Plain Administrator	Western Surety	\$50,000

TALLAHATCHIE COUNTY

SPECIAL REPORTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Thomas A. Davis, CPA
William B. Staggers, CPA	Anita L. Goodrum, CPA
Michael W. McCully, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	Edward A. Maxwell, CPA
Thomas J. Browder, CPA	

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

Members of the Board of Supervisors
Tallahatchie County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tallahatchie County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated February 28, 2021.

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 generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.

Our report also includes a qualified opinion on the governmental and business-type activities due to the omission of the liability for other postemployment benefits. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental and business-type activities is not reasonably determinable.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tallahatchie County, Mississippi's internal control over financial reporting 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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2017-001, 2017-002, 2017-003, and 2017-004 to be material weaknesses.

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 significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tallahatchie 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*.

Tallahatchie County's Responses to Findings

Tallahatchie County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Tallahatchie 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 the Report

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

Oxford, Mississippi
February 28, 2021

Watkins Ward and Stafford, P.C.

TALLAHATCHIE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
Solid Waste	Qualified
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? No

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

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2017-001 Finding-Financial data for component units not included in the financial statements.

Condition: The financial statements of the County do not include the financial data of the County's legally separate component units. This finding is a repeat finding.

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

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

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

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

Response: The County did not choose to include the component units in the County financial statements.

Material Weakness

2017-002 Finding-Liability for postemployment benefits not recorded

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

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

Cause: The County did not have an annual actuarial evaluation.

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

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

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

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

Justice Court Clerk.

Material Weakness

2017-003 Finding-The Justice Court Clerk did not reconcile bank statements.

Condition: The Justice Court Clerk did not reconcile bank statements. This finding is a repeat finding.

Criteria: Adequate controls should be in place to insure timely reconciliation of bank accounts.

Cause: Procedures have not been put in place to insure that all bank accounts are reconciled timely.

Effect: Failure to reconcile bank statements in a timely manner puts the County at risk for misappropriation of cash and an increased risk of accounting errors.

Recommendation: We recommend that the bank accounts be reconciled as soon as possible after the bank statement is received from the bank.

Response: Justice Court Clerk has been replaced and new clerk has been notified of her duties.

2017-004 Finding-Settlement reports and other records could not be located for the audit.

Condition: Settlement reports and several other records could not be located for the audit. This finding is a repeat finding.

Criteria: Adequate controls should be in place to insure records are organized and kept for the appropriate amount of time.

Cause: Procedures have not been put in place to insure that all records are organized and kept for the appropriate amount of time.

Effect: Failure to maintain records puts the County at risk an increased risk of accounting errors as well as making it impossible to trace cash flow.

Recommendation: We recommend that all records be organized and retained until acceptable to destroy.

Response: Justice Court Clerk has been replaced and new clerk has been notified of her duties.