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

TIPPAH COUNTY, MISSISSIPPI

Contents

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	5
Statement of Activities	7
Balance Sheet – Government Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Assets and Liabilities	12
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund	39
Countywide Road Fund	40
Aluma Form Fund	41
Schedule of the County's Proportionate Share of the Net Pension Liability	42
Schedule of County Contributions	43
Schedule of Health Services' Proportionate Share of the Net Pension Liability	44
Schedule of Health Services' Contributions	45
Notes to Required Supplementary Information	46
SUPPLEMENTAL INFORMATION	
Reconciliation of Operating Costs of Solid Waste	50
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials	52
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>	55
Independent Accountants' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	57
Schedule of Purchases Not Made From the Lowest Bidder	58
Schedule of Emergency Purchases	59
Schedule of Purchases Made Noncompetitively From a Sole Source	60
Limited Internal Control and Compliance Review Management Report	61
SCHEDULE OF FINDINGS AND RESPONSES	63



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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Tippah County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tippah 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 did not audit the financial statements of the Tippah County Health Services, and the Tippah County Development Foundation, component units, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However, the financial statements of Tippah County Development Foundation, a component unit, audited by other auditors was not audited in accordance with *Government Auditing Standards*.

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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Tippah County, Mississippi, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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

Tippah 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 Tippah County, Mississippi's basic financial statements. The accompanying reconciliation of operating costs of solid waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of Tippah 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 Tippah 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 Tippah County, Mississippi's internal control over financial reporting and compliance.

Okolona, Mississippi
August 16, 2021

Watkins Ward and Stafford, PLLC

TIPPAH COUNTY, MISSISSIPPI

FINANCIAL STATEMENTS

TIPPAH COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government	Component Units		
	Governmental Activities	Tippah County Health Services	Tippah County Development Foundation	Total Component Units
ASSETS				
Cash	\$ 4,888,385	1,447,466	76,833	1,524,299
Interest receivable	-	-	1,766	1,766
Property tax receivable	5,133,749	-	-	-
Accounts receivable	-	-	18,000	18,000
Patient accounts receivable (Net of estimated uncollectible and allowances of \$2,885,820)	-	3,584,941	-	3,584,941
Fines receivable (net of allowance for uncollectible and allowances of \$683,363)	675,511	-	-	-
Estimated third party payor settlements	-	201,013	-	201,013
Current portion of lease receivable	-	-	221,913	221,913
Capital lease receivable	6,569,100	-	-	-
Other receivables, net	80,195	211,826	-	211,826
Intergovernmental receivables	309,397	-	-	-
Internal balances	47,386	-	-	-
Inventories and prepaid items	-	387,644	-	387,644
Restricted assets - cash	-	6,108	-	6,108
Other assets	-	240,359	500	240,859
Capital assets				
Land and construction in progress	2,383,138	116,132	265,690	381,822
Capital assets, net	24,842,526	3,119,808	307,350	3,427,158
Total assets	\$ 44,929,387	9,315,297	892,052	10,207,349
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	657,638	1,965,636	-	1,965,636
Total Deferred Outflows of Resources	657,638	1,965,636	-	1,965,636
LIABILITIES				
Claims payable	\$ 280,445	861,354	5,306	866,660
Patient accounts receivable - credit balances	-	201,518	-	201,518
Estimated third party payor settlements	-	53,976	-	53,976
Accrued liabilities	269,249	549,691	4,683	554,374
Intergovernmental payables	520,378	-	-	-
Amounts held in custody for others	60,510	-	-	-
Long-term liabilities				
Due within one year:				
Capital related debt	966,561	283,240	238,738	521,978
Non-capital related debt	195,000	-	-	-
Due in more than one year:				
Capital related debt	5,172,060	784,076	130,202	914,278
Net pension liability	8,067,001	13,985,095	-	13,985,095
Total liabilities	15,531,204	16,718,950	378,929	17,097,879
DEFERRED INFLOWS OF RESOURCES				
Property tax for future reporting period	5,133,749	-	-	-
Capital lease for future reporting period	2,507,039	-	-	-
Deferred inflows - pensions	190,174	602,929	-	602,929
Total Deferred Inflows of Resources	7,830,962	602,929	-	602,929

NET POSITION

Net investment in capital assets	21,087,043	2,168,624	204,100	2,372,724
Restricted for:				
Expendable:				
Debt service	660,938	-	-	-
Public safety	389,289	-	-	-
Public works	1,139,684	-	-	-
Health and welfare	80	-	-	-
Economic development	393,185	-	-	-
Unrestricted	(1,445,360)	(8,209,570)	309,023	(7,900,547)
Total Net Position	<u>\$ 22,224,859</u>	<u>(6,040,946)</u>	<u>513,123</u>	<u>(5,527,823)</u>

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

TIPPAH 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 Governmental Activities	Component Units
Primary government						
Governmental Activities						
General government	\$ 3,030,401	456,149	647,977	-	(1,926,275)	
Public safety	1,945,986	299,416	153,486	43,629	(1,449,455)	
Public works	3,111,597	140,555	2,028,765	28,120	(914,157)	
Health and welfare	370,069	-	-	-	(370,069)	
Culture and recreation	182,223	-	-	-	(182,223)	
Conservation of natural resources	31,998	-	-	-	(31,998)	
Economic development and assistance	356,425	-	217,636	-	(138,789)	
Pension expense	1,144,331	-	-	-	(1,144,331)	
Interest on long-term debt	186,583	-	-	-	(186,583)	
Total governmental activities	10,359,613	896,120	3,047,864	71,749	(6,343,880)	
Component Units						
Tippah County Health Services	16,039,574	16,074,450	166,708			201,584
Tippah County Development Foundation	285,189	32,824	66,696			(185,669)
Total Component Units	16,324,763	16,107,274	233,404			15,915
General revenues:						
Property taxes					\$ 6,555,894	122,563
Road & bridge privilege taxes					254,479	-
Grants and contributions not restricted to specific programs					-	12,095
Lease revenue					-	42,443
Unrestricted interest income					344,731	24,851
Miscellaneous					194,383	204,860
Gain (Loss) on sale of assets					26,222	(14,777)
Total General Revenues and Transfers					7,375,709	392,035
Change in net position					1,031,829	407,950
Net Position - Beginning, as previously reported					21,613,841	(5,935,773)
Prior period adjustment					(420,811)	
Net Position - Beginning, as restated					21,193,030	
Net Position, Ending					\$ 22,224,859	(5,527,823)

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

TIPPAH COUNTY
Balance Sheet – Governmental Funds
September 30, 2017

Exhibit 3

	Major Funds				
	General	County Wide	Aluma	Other	Total
	Fund	Road	Form	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
ASSETS					
Cash and cash equivalents	\$ 2,072,071	915,106	175,132	1,726,076	4,888,385
Property tax receivable	3,507,266	698,829	-	927,654	5,133,749
Fines receivable (net of allowance for uncollectibles of \$683,363)	675,511	-	-	-	675,511
Capital lease receivable	-	-	6,542,850	26,250	6,569,100
Intergovernmental receivables	110,619	95,455	-	103,323	309,397
Other receivables, net	54,425	5,114	-	20,656	80,195
Due from other funds	47,386	38,817	-	25,572	111,775
Advances to other funds	-	322,250	-	-	322,250
Total Assets	<u>6,467,278</u>	<u>2,075,571</u>	<u>6,717,982</u>	<u>2,829,531</u>	<u>18,090,362</u>
LIABILITIES					
Claims payable	105,167	83,157	-	92,121	280,445
Accrued liabilities	202,158	38,512	-	28,579	269,249
Amounts held in custody for others	60,510	-	-	-	60,510
Intergovernmental payables	496,323	8,948	-	15,107	520,378
Due to other funds	64,389	-	-	-	64,389
Advances from other funds	200,000	-	-	122,250	322,250
Total Liabilities	<u>1,128,547</u>	<u>130,617</u>	<u>-</u>	<u>258,057</u>	<u>1,517,221</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property tax	3,507,266	698,829	-	927,654	5,133,749
Unavailable revenue - fines	675,511	-	-	-	675,511
Unavailable revenue - capital lease receivable	-	-	6,542,850	26,250	6,569,100
Total Deferred Inflows of Resources	<u>4,182,777</u>	<u>698,829</u>	<u>6,542,850</u>	<u>953,904</u>	<u>12,378,360</u>
FUND BALANCES					
Restricted:					
Advances	-	322,250	-	-	322,250
Public works	-	923,875	-	401,579	1,325,454
Health and welfare	-	-	-	3,759	3,759
Debt service	-	-	-	768,723	768,723
Committed:					
Public safety	-	-	-	421,297	421,297
Economic development and assistance	-	-	175,132	22,212	197,344
Unassigned	1,155,954	-	-	-	1,155,954
Total Fund Balances	<u>1,155,954</u>	<u>1,246,125</u>	<u>175,132</u>	<u>1,617,570</u>	<u>4,194,781</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,467,278</u>	<u>2,075,571</u>	<u>6,717,982</u>	<u>2,829,531</u>	<u>18,090,362</u>

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

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

	<u>Amount</u>
Total Fund Balance– Governmental Funds	\$ 4,194,781
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 \$32,177,031	27,225,664
Fines receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	675,511
Capital leases are not available to pay for current period expenditures and, therefore are deferred in the funds.	4,062,061
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(6,333,621)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,067,001)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	657,638
Deferred inflows of resources related to pensions	(190,174)
Total Net Position – Governmental Activities	\$ <u><u>22,224,859</u></u>

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

TIPPAH COUNTY

Exhibit 4

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

	Major Funds				
	General	County Wide	Aluma	Other	Total
	Fund	Road	Form	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 4,564,786	832,676	-	1,158,432	6,555,894
Road and bridge privilege taxes	-	254,479	-	-	254,479
Licenses, commissions, and other revenue	243,054	-	-	-	243,054
Fines and forfeitures	135,222	-	-	72,251	207,473
Intergovernmental revenues	648,518	815,161	-	1,655,934	3,119,613
Charges for services	86,511	-	-	367,720	454,231
Interest income	87,973	4,911	246,325	5,522	344,731
Miscellaneous revenues	130,653	29,290	-	17,057	177,000
Total Revenues	5,896,717	1,936,517	246,325	3,276,916	11,356,475
EXPENDITURES					
Current:					
General government	3,053,040	-	-	-	3,053,040
Public safety	1,430,478	-	-	978,882	2,409,360
Public works	176,032	2,371,429	-	1,635,150	4,182,611
Health and welfare	188,668	-	-	181,401	370,069
Culture and recreation	182,223	-	-	-	182,223
Conservation of natural resources	31,998	-	-	-	31,998
Economic development and assistance	19,159	-	-	337,266	356,425
Debt service:					
Principal	463,447	70,499	187,647	558,093	1,279,686
Interest	38,259	7,338	124,327	16,659	186,583
Total Expenditures	5,583,304	2,449,266	311,974	3,707,451	12,051,995
Excess (Deficiency) of Revenues over (under) Expenditures	313,413	(512,749)	(65,649)	(430,535)	(695,520)
OTHER FINANCING SOURCES (USES)					
Proceeds of other debt	50,100	74,375	-	893,600	1,018,075
Lease principal payments	-	-	125,780	384,795	510,575
Proceeds from sale of capital assets	110	36,000	-	-	36,110
Transfers in	1,231	250,000	-	429,124	680,355
Transfers out	(129,124)	-	-	(551,231)	(680,355)
Total Other Financing Sources (Uses)	(77,683)	360,375	125,780	1,156,288	1,564,760
Net Change in Fund Balances	235,730	(152,374)	60,131	725,753	869,240
Fund Balances - Beginning	920,224	1,398,499	115,001	891,817	3,325,541
Fund Balances - Ending	\$ 1,155,954	1,246,125	175,132	1,617,570	4,194,781

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

TIPPAH COUNTY

Exhibit 4-1

Governmental Funds

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017**

Net Changes in Fund Balances - Governmental Funds \$ 869,240

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,854,180 exceeded current depreciation of \$730,827 in the current period. 1,123,353

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,279,686 exceeded debt proceeds of \$1,018,075. 261,611

In the Statement of Activities, only gains and losses from the sale or disposal of capital assets are reported, whereas in the Governmental Funds, losses from the sale or disposal of capital assets decrease financial resources. Thus, the change in net position differs from the change in fund balance by the amount of the gain on the disposal of capital assets \$26,222 less the proceeds received \$36,000. (9,778)

Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 8,635

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the principal collections on the capital leases. (510,575)

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

Contributions made to defined benefit pension plan	433,674	
Pension Expense	(1,144,331)	(710,657)

Change in Net Position of Governmental Activities \$ 1,031,829

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

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

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 115,798
Property tax receivable	403,158
Total Assets	\$ <u>518,956</u>
LIABILITIES	
Amounts held in custody for others	\$ 34,003
Accrued liabilities	34,409
Due to other funds	47,386
Deferred revenue	403,158
Total Liabilities	\$ <u>518,956</u>

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

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

(1) Summary of Significant Accounting Policies.

a. Financial Reporting Entity.

Tippah County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Tippah County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

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

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

b. Individual Component Unit Disclosures.

Discretely Presented Component Units

The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County. A majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors.

Tippah County Health Services provides inpatient, outpatient, emergency, and long-term care services for residents of Tippah County, Mississippi, and surrounding areas. The facility is governed by a Board of Trustees appointed by the Supervisors of Tippah County, Mississippi. Tippah County levied ad valorem taxes in the amount of \$104,739 to provide financial support for Tippah County Health Services. Complete financial statements may be obtained by contacting Tippah County Health Services administrative office at (662) 837-9221.

Tippah County Development Foundation, Inc. is a nonprofit organization that promotes economic and community development in order to improve the quality of life for the citizens of Tippah County, Mississippi. The Foundation's support comes primarily from ad valorem taxes and membership dues. Tippah County levied ad valorem taxes in the amount of \$106,404 to provide financial support for Tippah County Development Foundation, Inc. Tippah County also has an operating lease agreement with Tippah County Development Foundation for the lease of a building. Complete financial statements may be obtained by contacting the Tippah County Development Foundation, Inc. at 201 Union Street, Ripley, Mississippi 38663.

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

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

c. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, 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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are 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 of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

d. Measurement Focus and Basis of Accounting.

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

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

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

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.

County Wide Road 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.

Aluma Form Fund - This fund is used to account for monies received to complete the Aluma Form economic development project.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

e. Account Classifications.

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

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

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

f. Deposits and Investments.

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

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

g. Receivables.

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

h. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

i. 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 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.

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:

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

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

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

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

j. 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 10 for additional details.

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

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

Capital leases for future reporting period/unavailable revenue – capital lease receivable – When a capital lease receivable is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

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

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

k. 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.

l. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

m. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

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

(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 restricted and unassigned. The following are descriptions of fund classifications used by the County.

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

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.

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

Fund Balance Flow Assumption:

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

n. Property Tax Revenues.

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

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

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

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

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.

o. 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.

p. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires. For the year ending September 30, 2017, Tippah County recognized no liability.

q. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB State No. 83, *Pension Issues – an amendment of GASB Statements No. 78, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

Exhibit 2 – Statement of Activities

Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year capital lease receivable	\$ (420,811)
Total	\$ (420,811)

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

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$5,004,183 and the bank balance was \$4,996,169. 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.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Fiduciary Funds	\$ 47,386
County Wide Road Fund	General Fund	38,817
Other Governmental Funds	General Fund	25,572
Total		\$ <u>111,775</u>

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

B. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
County Wide Road Fund	General Fund	\$ 200,000
County Wide Road Fund	Other Governmental Funds	122,250
Total		\$ <u>322,250</u>

The balances represent funds advanced to various funds to alleviate funding shortages. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

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

(4) Interfund Transactions and Balances (continued).

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds \$	1,231
County Wide Road Fund	Other Governmental Funds	250,000
Other Governmental Funds	General Fund	129,124
Other Governmental Funds	Other Governmental Funds	300,000
Total		<u>\$ 680,355</u>

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

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Receivables from local governments	\$ 42,148
Legislative tax credit	95,479
State motor vehicle license privilege tax	39,227
Gas tax	44,563
MEMA	16,650
State aid funds	69,070
Other state funds	2,260
Total Governmental Activities	<u>\$ 309,397</u>

(6) Lease Receivables.

Component Unit: Tippah County Development Foundation

Description	Amount
Law Enforcement Center	221,913
Less: Current Portion	-
Total Lease Receivables	<u>\$ 221,913</u>

The Tippah County Development Foundation (Foundation) entered into an agreement on October 20, 1999 with Tippah County, for the construction of a new jail. Under the terms of the agreement, the Foundation was to obtain long-term financing, construct the jail building, and lease it to the County. The related lease payments are equal to the required debt payments while the County is required to pay all expenses related to the building.

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

(7) Capital Assets.

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

Governmental Activities:	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,291,168	-	-	-	1,291,168
Constuction in progress	362,220	1,070,796	-	(341,046)	1,091,970
Total non-depreciable capital assets	1,653,388	1,070,796	-	(341,046)	2,383,138
<u>Depreciable capital assets:</u>					
Infrastructure	44,429,053	-	-	341,046	44,770,099
Buildings	3,211,623	-	-	-	3,211,623
Improvements other than buildings	39,800	-	-	-	39,800
Mobile equipment	5,315,408	526,049	68,175	-	5,773,282
Furniture and equipment	556,221	257,335	29,603	-	783,953
Leased property under capital lease	2,440,800	-	-	-	2,440,800
Total depreciable capital assets	55,992,905	783,384	97,778	341,046	57,019,557
<u>Less accumulated depreciation for:</u>					
Infrastructure	25,103,976	316,954	-	-	25,420,930
Buildings	1,141,226	55,029	-	-	1,196,255
Improvements other than buildings	17,512	1,592	-	-	19,104
Mobile equipment	4,006,833	261,127	61,357	-	4,206,603
Furniture and equipment	483,601	47,309	26,643	-	504,267
Leased property under capital leases	781,056	48,816	-	-	829,872
Total accumulated depreciation	31,534,204	730,827	88,000	-	32,177,031
Total depreciable capital assets, net	24,458,701	52,557	9,778	341,046	24,842,526
Governmental activities capital assets, net	\$ 26,112,089	1,123,353	9,778	-	27,225,664

The adjustments to capital assets were to reclassify completed capital projects to their respective classes.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 169,040
Public safety	226,530
Public works	335,257
Total governmental activities depreciation expense	\$ 730,827

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

Description of Commitment	Remaining Financial Commitment	Expected Date Of Completion
LSBP-70 (25) Project	\$ -	October-17
SAP-70 (65) Project	9,157	December-17
STP-BR-0970(6)(B) Project	23,340	October-18

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

(7) Capital Assets (continued).

The following is a schedule of capital assets for Tippah County Health Services for the year ended September 30, 2017.

	Balance Oct. 1, 2016	Additions	Deletions	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>				
Land	\$ 116,132	-	-	116,132
Total non-depreciable capital assets	116,132	-	-	116,132
<u>Depreciable capital assets:</u>				
Land Improvements	174,029	-	-	174,029
Buildings	6,918,151	24,190	-	6,942,341
Fixed Equipment	2,345,933	6,750	49,980	2,402,663
Major Movable equipment:				-
Under capital lease	148,283	584,832	(49,980)	683,135
Other	7,034,548	40,096	(18,402)	7,056,242
Automobiles	617,569	16,500	-	634,069
Total depreciable capital assets	17,238,513	672,368	(18,402)	17,892,479
<u>Less accumulated depreciation for:</u>				
Land Improvements	171,281	863	-	172,144
Buildings	5,103,671	169,786	-	5,273,457
Fixed Equipment	2,090,832	112,571	-	2,203,403
Major Movable equipment:				
Under capital lease	93,957	-	-	93,957
Other	6,185,174	159,495	-	6,344,669
Automobiles	630,653	55,515	1,127	685,041
Total accumulated depreciation	14,275,568	498,230	1,127	14,772,671
Total depreciable capital assets, net	2,962,945	174,138	(17,275)	3,119,808
Governmental-type activities capital assets, net	\$ 3,079,077	174,138	(17,275)	3,235,940

The following is a schedule of capital assets for Tippah County Development Foundation for the year ended September 30, 2017.

	Balance Oct. 1, 2016	Additions	Deletions	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>				
Land	\$ 254,936	10,754	-	265,690
Total non-depreciable capital assets	254,936	10,754	-	265,690
<u>Depreciable capital assets:</u>				
Buildings	360,220	-	-	360,220
Furniture and Equipment	12,761	-	-	12,761
Total depreciable capital assets	372,981	-	-	372,981
<u>Less accumulated depreciation for:</u>				
Building	38,917	9,851	-	48,768
Furniture and Equipment	15,768	1,095	-	16,863
Total accumulated depreciation	54,685	10,946	-	65,631
Total depreciable capital assets, net	318,296	(10,946)	-	307,350
Governmental-type activities capital assets, net	\$ 573,232	(192)	-	573,040

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

(8) Claims and Judgments.

Risk Financing.

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

(9) Operating Leases.

As Lessee:

On May 1, 2010, Tippah County entered into a non-cancellable operating lease agreement with the Tippah County Development Foundation for the lease of a building and premises located at 159 Bails Road, Ripley, Mississippi 38663 owned by the Tippah County Development Foundation. The operating lease stipulated that the lessee would pay approximately \$6,083 per month in lease payments commencing July 1, 2010 for a term of ten years. The rental payments shall increase by \$100 per month per year beginning on July 1, 2013 and on the first day of July for each year thereafter.

The County has entered into a certain operating lease which does not give rise to property rights. Total costs for the lease was \$78,100 for the year ended September 30, 2017. The future minimum lease payments for the lease are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2018	\$ 79,300
2019	80,500
2020	61,050
Total Minimum Payments Required	\$ <u><u>220,850</u></u>

(10) Capital Leases.

As Lessor:

On December 29, 2011, Tippah County entered into a capital lease agreement with Big M Transportation, Inc. for the lease of a building in the Industrial Park. The capital lease stipulated that the lessee would pay approximately \$1,750 per month in lease payments commencing January 1, 2012 for a term of seven years. At the end of the lease term, Big M Transportation, Inc. has the option to purchase the property for the sum of \$1.

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

(10) Capital Leases (continued).

On April 1, 2015, Tippah County entered into a capital lease agreement with Aluma Form, LLC for the lease of a building in the Walnut Industrial Park. The capital lease stipulated that the lessee would pay approximately \$31,009 per month in lease payments commencing May 1, 2015 for a term of twenty years. At the end of the lease term, Aluma Form, LLC has the option to purchase the property for the sum of \$1.

The County leases the following property with varying terms and options as of September 30, 2017:

<u>Classes of property</u>	<u>Amount</u>
Land	\$ 252,640
Buildings	6,280,155
Leased property under capital lease	<u>\$ 6,532,795</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2017, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 153,727	239,377
2019	146,981	230,375
2020	150,519	221,587
2021	159,802	212,303
2022	169,658	202,447
2023-2027	1,018,775	841,752
2028-2032	1,374,174	486,352
2033-2037	888,425	72,846
Total	<u>\$ 4,062,061</u>	<u>2,507,039</u>

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>Amount</u>
Law Enforcement Center	\$ 2,440,800
Less: Accumulated depreciation	(829,872)
Leased property under capital lease	<u>\$ 1,610,928</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>Principal</u>	<u>Interest</u>
2018	\$ 206,474	13,371
2019	111,429	2,918
Total	<u>\$ 317,903</u>	<u>16,289</u>

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

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2017, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2017 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016 and 2015 were \$484,988, \$480,664 and \$456,206, respectively, equal to the required contributions for each year. Health Service's contributions (employer share only) to PERS for the years ending September 30, 2017, 2016, 2015 were 859,032, \$813,203, \$680,612, respectively, which equaled to the required contributions for each year.

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

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

(11) Defined Benefit Pension Plan (continued).

At September 30, 2017, the County reported a liability of \$8,067,001 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 0.048528 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.001767 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 \$1,144,331. 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	\$ 110,995	\$ (58,862)
Net difference between projected and actual earnings on pension plan investments	-	(118,066)
Changes of assumptions	169,241	(13,246)
Changes in proportion and differences between the entity's contributions and proportionate share of overall contributions	309,480	-
Entity's contributions subsequent to the measurement date	67,922	
Total	<u>\$ 657,638</u>	<u>\$ (190,174)</u>

\$67,922 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2018	\$ 292,768
2019	227,127
2020	35,473
2021	(155,826)
Total	<u>\$ 399,542</u>

Component Unit: Tippah County Health Services

At September 30, 2017, Health Services reported a liability of \$13,985,095 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

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

(11) Defined Benefit Pension Plan (continued).

actuarial valuation as of that date. Health Service's proportion of the net pension liability was based on a projection of the Health Service's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Health Service's proportionate share used to calculate the September 30, 2017 net pension liability was 0.084129 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.007752 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, Health Services recognized pension expense of \$1,502,623. At September 30, 2017, Health Services 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	\$ 178,944	\$ (102,045)
Net difference between projected and actual earnings on pension plan investments	-	(296,870)
Changes of assumptions	264,114	(21,634)
Changes in proportion and differences between the entity's contributions and proportionate share of overall contributions	1,319,544	(182,380)
Entity's contributions subsequent to the measurement date	203,034	
Total	<u>\$ 1,965,636</u>	<u>\$ (602,929)</u>

\$203,034 reported as deferred outflows of resources related to pensions resulting from Health Service contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2018	612,059
2019	681,359
2020	136,397
2021	(270,142)
Total	<u>1,159,673</u>

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

Inflation	3.00 percent
Salary increases	3.25-18.5 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

(11) Defined Benefit Pension Plan (continued).

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

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

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

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
U.S. Broad	27.00	%	4.60	%
International Equity	18.00		4.50	
Emerging Markets Equity	4.00		4.75	
Global	12.00		4.75	
Fixed Income	18.00		0.75	
Real Estate	10.00		3.50	
Private Equity	8.00		5.10	
Emerging Debt	2.00		2.25	
Cash	1.00		0.00	
Total	100.00			

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be made at the current employer contribution rate (15.75 percent). 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 the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

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

(11) Defined Benefit Pension Plan (continued).

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 10,580,410	\$ 8,067,001	\$ 5,980,325
Health Services's Proportionate share of the net pension liability	18,342,386	13,985,095	10,367,597

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

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

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Capital Leases:			
Law Enforcement Center	\$ 317,903	5.00%	2/20/19
Total Capital Leases	<u>\$ 317,903</u>		
C. Other Loans:			
16 Ford F150XLT Crew 4x4	\$ 76,652	2.00%	12/01/20
Countywide 5 Year Note	195,000	1.50%	12/01/17
2015 Refuse Truck	49,189	2.00%	6/15/20
Aluma Form Parking Lot	42,000	2.00%	12/01/18
Coroner Suburban	19,837	2.00%	9/23/20
NEMCC Property	181,783	2.00%	7/15/18
3 Storage Sheds	19,873	2.00%	12/01/20
5 - Sheriff Vehicles	110,568	2.00%	12/01/20
Fingerprint Machine	8,597	2.00%	12/01/20
2 - Ford F750 Dump Trucks	123,115	2.00%	12/01/20
Rosenbauer Class A Pumper	94,400	2.00%	1/15/22
Excavator	44,911	2.00%	12/01/20
Backhoe	68,272	2.00%	12/01/20
Dodge Charger	4,065	2.00%	1/15/18
Dodge Charger	3,748	2.00%	3/01/18
17 Ford F350 Refuse Truck	25,600	2.00%	11/19/21
Dennis Pickup	10,394	2.00%	12/15/18
3 Crown Victorias	7,800	2.00%	8/01/19
2015 Garbage Truck	76,592	2.00%	6/15/20
2 16 Ford F150 4x4 PU	40,472	2.00%	12/15/20
17 Freightliner Dump Truck	60,083	2.00%	12/01/20
Countywide 5 Year Note	750,000	2.00%	12/01/20
AlumaForm CAP Loan	4,002,767	3.00%	8/31/35
Total Other Loans	<u>\$ 6,015,718</u>		

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

(12) Long-term Debt (continued).

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

Year Ending September 30	Other Loans	
	Principal	Interest
2018	\$ 955,087	141,850
2019	579,686	124,935
2020	532,743	111,512
2021	508,947	103,193
2022	348,904	96,242
2023 - 2027	1,059,880	388,694
2028 - 2032	1,231,174	217,399
2033 - 2037	799,297	36,880
Total Governmental Activities \$	<u>6,015,718</u>	<u>1,220,705</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation 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 5.70% 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	Additions	Reductions	Balance	Amount due
	Oct. 1, 2016			Sept. 30, 2017	Within one Year
Capital leases	514,428		196,525	317,903	206,474
Other loans	<u>6,080,804</u>	<u>1,018,075</u>	<u>1,083,161</u>	<u>6,015,718</u>	<u>955,087</u>
Total	\$ <u>6,595,232</u>	<u>1,018,075</u>	<u>1,279,686</u>	<u>6,333,621</u>	<u>1,161,561</u>

Component Unit: Tippah County Development Foundation

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Notes Payable:			
Law Enforcement Center	221,913	5.00%	5/05/19
Building	136,545	2.00%	11/01/24
Building	<u>10,482</u>	<u>3.25%</u>	<u>6/29/22</u>
Total Notes Payable	<u>368,940</u>		

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

(12) Long-term Debt (continued).

Year Ending September 30	Notes Payable	
	Principal	Interest
2018	238,738	21,731
2019	17,173	10,892
2020	17,548	2,260
2021	17,934	1,800
2022	18,330	1,240
Thereafter	59,217	3,384
	<u>368,940</u>	<u>41,307</u>

Component Unit: Tippah County Health Services

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Notes Payable:			
Unsecured Loan	83,158	3.50%	12/15/21
2016 Ambulance	534,000	3.50%	12/15/21
Total Notes Payable	<u>617,158</u>		
Capital Leases:			
Equipment	450,158	5.96%	9/15/22
Total Capital Leasees	<u>450,158</u>		

Year Ending September 30	Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2018	168,163	18,912	115,077	9,816
2019	174,143	12,932	106,685	12,004
2020	180,320	6,755	111,242	7,447
2021	94,532	979	115,970	2,719
2022			1,184	15
Thereafter				
	<u>617,158</u>	<u>39,578</u>	<u>450,158</u>	<u>32,001</u>

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balance at September 30, 2017:

Fund	Deficit Amount
Law Library	\$ 28,204
EMA Grant	97,668

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

(14) 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.

Guarantees - The County agrees to guarantee its pro-rata share of a letter of credit in the amount of \$3,084,482, for the Northeast Mississippi Solid Waste Management Authority, providing financial responsibility, as authorized by Section 17-17-233 and 17-17-235 of the Mississippi Code of 1972, for closure and post-closure of their Sanitary landfill facility.

(15) Joint Venture.

The County participates in the following joint venture:

Tippah County is a participant with the Counties of Alcorn, Prentiss and Tishomingo in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Northeast Regional Library. The joint venture was created to provide a regional public library for the area, and is governed by a four-member board appointed by the Board of Supervisors. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$126,500.

Complete financial statements of the Northeast Regional Library can be obtained from the Northeast Regional Library, 1023 North Fillmore Street, Corinth, Mississippi 38834.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

The Regional IV Mental Health-Mental Retardation Commission is composed of the counties of Alcorn, Prentiss, Tippah, and Tishomingo. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The County appropriated \$36,000 for support of the commission in fiscal year 2017.

Northeast Mississippi Planning and Development District operates in a district composed of the following counties: Alcorn, Benton, Marshall, Prentiss, Tippah, and Tishomingo. The board of directors is composed of one appointee from each county Board of Supervisors. The County appropriated \$15,000 for support of the district in fiscal year 2017.

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

(16) Jointly Governed Organizations (continued).

Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo, and Union. The Tippah County Board of Supervisors appoints four of the 24 members of the board of directors. The County appropriated \$388,255 in support of the college in fiscal year 2017.

Northeast Mississippi Regional Solid Waste Authority was organized to provide solid waste disposal services to the Counties of Benton, Prentiss and Tippah and the Cities of Ashland, Booneville and Ripley. Each of the six members has one vote with a guarantee that the member of the Board of Supervisors whose district contains the landfill is a permanent member of the Authority. Tippah County is the host county for the landfill; therefore, the Tippah County vote is divided between the County's representative and the member of the Board of Supervisors. The County did not appropriate any funds to the authority in fiscal year 2017. User governments will be billed on the volume of solid waste from each government.

(17) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$1,445,360) includes the effect of deferred inflows/outflows related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$67,922 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 \$589,716 balance of deferred outflow of resources related to pensions, at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$190,174 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of (\$1,445,360) includes the effect of deferring the recognition of revenue resulting from capital lease receivable. The \$2,507,039 balance of deferred inflow of resources at September 30, 2017, will be recognized as revenue and will increase the unrestricted net position over the next 18 years.

(18) 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 Tippah County evaluated the activity of the County through August 16, 2021, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/16/17	2%	\$21,153	Lease Purchase	Ad Valorem Taxes
2/5/18	2%	\$60,000	Lease Purchase	Ad Valorem Taxes
3/5/18	2%	\$33,600	Lease Purchase	Ad Valorem Taxes
6/18/18	2.5%	\$750,000	Installment Loan	Ad Valorem Taxes
6/18/18	2.5%	\$26,000	Installment Loan	Ad Valorem Taxes

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

(18) Subsequent Events (continued).

12/3/18	2.5%	\$26,200	Lease Purchase	Ad Valorem Taxes
12/17/18	2.5%	\$32,500	Lease Purchase	Ad Valorem Taxes
3/29/19	2.5%	\$265,000	Installment Loan	Ad Valorem Taxes
4/15/19	2.5%	\$54,356	Lease Purchase	Ad Valorem Taxes
7/15/19	2.5%	\$95,548	Lease Purchase	Ad Valorem Taxes
8/8/19	2.5%	\$27,634	Lease Purchase	Ad Valorem Taxes
1/31/20	2.5%	\$33,800	Installment Loan	Ad Valorem Taxes
2/14/20	2.5%	\$37,850	Installment Loan	Ad Valorem Taxes
3/2/20	2.5%	\$37,850	Installment Loan	Ad Valorem Taxes
3/16/20	2.5%	\$14,433	Installment Loan	Ad Valorem Taxes
5/4/20	2.5%	\$116,000	Installment Loan	Ad Valorem Taxes
8/3/20	2.5%	\$39,344	Installment Loan	Ad Valorem Taxes
8/17/20	2.5%	\$101,399	Installment Loan	Ad Valorem Taxes
8/17/20	2.5%	\$7,500	Installment Loan	Ad Valorem Taxes
10/15/20	2.5%	\$78,339	Installment Loan	Ad Valorem Taxes
11/2/20	2.5%	\$163,060	Installment Loan	Ad Valorem Taxes
1/15/21	2.5%	\$136,313	Lease Purchase	Ad Valorem Taxes
2/1/21	2.5%	\$109,036	Lease Purchase	Ad Valorem Taxes

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 entity's operations. As of August 16, 2021, Management reports an adverse effect on revenue, workforce or related costs which can be attributed directly to COVID-19.

TIPPAH COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TIPPAH 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	\$ 4,074,897	4,556,490	4,556,490	-
Licenses, commissions and other revenue	219,434	250,951	250,951	-
Fines and forfeitures	144,200	135,324	135,324	-
Intergovernmental revenues	583,000	664,240	664,240	-
Charges for services	73,000	84,738	84,738	-
Use of money and property	123,000	83,664	83,664	-
Miscellaneous revenues	35,000	83,997	83,997	-
Total Revenues	<u>5,252,531</u>	<u>5,859,404</u>	<u>5,859,404</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	4,246,052	3,042,329	3,042,329	-
Public safety	1,699,911	1,389,008	1,389,008	-
Public works	144,820	168,499	168,499	-
Health and welfare	156,100	152,066	152,066	-
Culture and recreation	142,000	182,197	182,197	-
Conservation of natural resources	149,600	32,567	32,567	-
Economic development and assistance	15,000	19,159	19,159	-
Debt service:				
Principal		465,195	465,195	-
Interest		38,259	38,259	-
Total Expenditures	<u>6,553,483</u>	<u>5,489,279</u>	<u>5,489,279</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,300,952)</u>	<u>370,125</u>	<u>370,125</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of other debt		50,100	50,100	-
Compensation for loss of capital assets				
Transfers in	115,144	404,859	404,859	-
Transfers out		(241,742)	(241,742)	-
Total Other Financing Sources and Uses	<u>115,144</u>	<u>213,217</u>	<u>213,217</u>	<u>-</u>
Net Change in Fund Balance	(1,185,808)	583,342	583,342	-
Fund Balances - Beginning	(4,690,425)	(808,590)	(808,590)	-
Fund Balances - Ending	<u>\$ (5,876,233)</u>	<u>(225,248)</u>	<u>(225,248)</u>	<u>-</u>

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

TIPPAH COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****County Wide Road Fund****For the Year Ended September 30, 2017**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,011,878	836,849	836,849	-
Licenses, commissions and other revenue	250,000	255,919	255,919	-
Intergovernmental revenues	813,000	783,095	783,095	-
Use of money and property	4,500	4,911	4,911	-
Miscellaneous revenues	5,000	9,441	9,441	-
Total Revenues	<u>2,084,378</u>	<u>1,890,215</u>	<u>1,890,215</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	2,378,500	2,252,010	2,252,010	-
Debt service:				
Principal		70,499	70,499	-
Interest		7,338	7,338	-
Total Expenditures	<u>2,378,500</u>	<u>2,329,847</u>	<u>2,329,847</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(294,122)</u>	<u>(439,632)</u>	<u>(439,632)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	330,000	330,000	-
Total Other Financing Sources and Uses	<u>-</u>	<u>330,000</u>	<u>330,000</u>	<u>-</u>
Net Change in Fund Balance	(294,122)	(109,632)	(109,632)	-
Fund Balances - Beginning	(2,082,478)	496,393	496,393	-
Fund Balances - Ending	<u>\$ (2,376,600)</u>	<u>386,761</u>	<u>386,761</u>	<u>-</u>

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

TIPPAH COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****Aluma Form Fund****For the Year Ended September 30, 2017**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 372,096	372,105	372,105	-
Total Revenues	<u>372,096</u>	<u>372,105</u>	<u>372,105</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	182,727	187,647	187,647	-
Interest	<u>109,304</u>	<u>124,327</u>	<u>124,327</u>	<u>-</u>
Total Expenditures	<u>292,031</u>	<u>311,974</u>	<u>311,974</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>80,065</u>	<u>60,131</u>	<u>60,131</u>	<u>-</u>
Net Change in Fund Balance	80,065	60,131	60,131	-
Fund Balances - Beginning	115,001	115,001	115,001	-
Fund Balances - Ending	<u>\$ 195,066</u>	<u>175,132</u>	<u>175,132</u>	<u>-</u>

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

TIPPAH COUNTY**Schedule of the County's Proportionate Share of the Net Pension Liability****Last 10 Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.048528%	0.046761%	0.456750%	0.044637%
County's proportionate share of the net pension liability	\$ 8,067,001	8,352,682	7,064,319	5,413,623
County's covered payroll	\$ 2,930,200	2,967,432	2,853,505	2,727,530
County's proportionate share of the net pension liability as a percentage of its covered payroll	275.31%	281.48%	247.57%	198.48%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

TIPPAH COUNTY
Schedule of County Contributions
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 484,988	480,664	456,206	413,471
Contribution in relation to the contractually required contribution	484,988	480,664	456,206	413,471
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	3,079,289	3,051,835	2,896,546	2,625,213
Contributions as a percentage of its 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 in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

TIPPAH COUNTY**Schedule of Health Service's Proportionate Share of the Net Pension Liability****Last 10 Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Health Service's proportion of the net pension liability	0.084129%	0.076377%	0.070875%	0.078516%
Health Service's proportionate share of the net pension liability	\$ 13,985,095	13,642,839	10,955,877	9,528,463
Health Service's covered payroll	\$ 5,454,171	5,163,194	4,321,346	4,797,733
Health Service's proportionate share of the net pension liability as a percentage of its covered payroll	256.41%	264.23%	253.53%	198.60%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the 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 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

TIPPAH COUNTY
Schedule of Health Services Contributions
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 859,032	813,203	680,612	755,644
Contribution in relation to the contractually required contribution	859,032	813,203	680,612	755,644
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	5,454,171	5,163,194	4,321,346	4,797,740
Contributions as a percentage of its 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 in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

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

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 supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

D. 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 Fund	Aluma Form Fund
Budget (Cash Basis) - change in fund balance	\$ 583,342	(109,632)	60,131
Increase (Decrease)			
Net adjustments for revenue accruals	(253,753)	76,535	
Net adjustments for expenditure accruals	(93,859)	(119,277)	
GAAP Basis - change in fund balance	\$ 235,730	(152,374)	60,131

Pension Schedules

A. Changes of assumptions

2015

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

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

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

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

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

2016

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

2017

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

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

The wage inflation assumptions 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%.

B. Changes in benefit provisions.

2016

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

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

TIPPAH COUNTY, MISSISSIPPI

SUPPLEMENTARY INFORMATION

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

Operating Expenditures, Cash Basis:

Salaries	\$ 247,001
Refuse and waste fees	37,201
Expendable Commodities:	
Gasoline and petroleum	60,630
Repair parts	18,852
Supplies	3,256
Capital outlay	25,600
Debt retirement	49,120
Interest Expense	<u>3,273</u>
Total Cash Basis Operating Expenditures	<u>444,933</u>

Full Cost Expenses:

Less, new fixed assets	(25,600)
Less, principal payments	(49,120)
Indirect administrative costs	1,883
Depreciation on equipment	41,038
Net effect of other accrued expenses	<u>5,050</u>
Total Full Cost Expenses	<u>(26,749)</u>

Solid Waste Full Cost Operating Expenses	<u><u>\$ 418,184</u></u>
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TIPPAH COUNTY, MISSISSIPPI

OTHER INFORMATION

TIPPAH COUNTY
Schedule of Surety Bonds for County Officials
FYE 9/30/2017
Unaudited

NAME		BOND COMPANY	AMOUNT OF BOND
<u>Board of Supervisors</u>			
	Jimmy Gunn	Traverlers Casualty & Surety Co	100,000
	Greg Harrell	Traverlers Casualty & Surety Co	100,000
	Mike Graves	Traverlers Casualty & Surety Co	100,000
	Dennis Grisham	Traverlers Casualty & Surety Co	100,000
	Chad Newby	Traverlers Casualty & Surety Co	100,000
<u>Chancery Clerk</u>			
	Mike Long	Traverlers Casualty & Surety Co	100,000
<u>County Administrator</u>			
	Melinda Crum	Traverlers Casualty & Surety Co	100,000
<u>Purchase Clerk</u>			
	Stacy Spink	Traverlers Casualty & Surety Co	75,000
<u>Assistant Purchase Clerk</u>			
	Melinda Crum	Traverlers Casualty & Surety Co	50,000
<u>Receiving Clerk</u>			
	Lou Ann Rowland	RLI Surety	75,000
<u>Assistant Receiving Clerks</u>			
	Dewayne Bennett	Traverlers Casualty & Surety Co	50,000
	Nick Barkley	Traverlers Casualty & Surety Co	50,000
	Tony Box	Traverlers Casualty & Surety Co	50,000
	James T Flake	Traverlers Casualty & Surety Co	50,000
	Cleatus Robbins	Traverlers Casualty & Surety Co	50,000
	John Raines	Traverlers Casualty & Surety Co	50,000
<u>Inventory Control Clerk</u>			
	Mary Jo Hudson Ray	Traverlers Casualty & Surety Co	75,000
Asst	Martin Henderson	Traverlers Casualty & Surety Co	50,000
<u>Road Manager</u>			
	Larry Jackson	Traverlers Casualty & Surety Co	50,000
<u>Constables</u>			
	Terry Mathis	Traverlers Casualty & Surety Co	50,000
	B.Keith Bullock	Traverlers Casualty & Surety Co	50,000
<u>Circuit Clerk</u>			
	Randy Graves	Traverlers Casualty & Surety Co	100,000
<u>Deputy Circuit Clerk</u>			
	Sandra Benefield	Traverlers Casualty & Surety Co	50,000
	Rebekah Power	Traverlers Casualty & Surety Co	50,000
<u>Sheriff</u>			
	Karl Gaillard	Traverlers Casualty & Surety Co	100,000
<u>Deputies/Jailers</u>			
Jail Adm	Howard Knight	Traverlers Casualty & Surety Co	50,000
Jail Adm	Billy Johnson	Traverlers Casualty & Surety Co	50,000
Jailor	Richard Alan Benefield	Traverlers Casualty & Surety Co	50,000
Jailor	Kandace Leann Moore	Traverlers Casualty & Surety Co	50,000

Jailor	Brandon Willbanks	Traverlers Casualty & Surety Co	50,000
Jailor	Waler Dixon	Traverlers Casualty & Surety Co	50,000
Jailor	Scott E Bell	Traverlers Casualty & Surety Co	50,000
Jailor	Pat Moffitt	Traverlers Casualty & Surety Co	50,000
Jailor	Maxine Barkley	Traverlers Casualty & Surety Co	50,000
Jailor	Sheryl Dean Adams	Traverlers Casualty & Surety Co	50,000
Jailor	Bethany Young	Traverlers Casualty & Surety Co	50,000
Jailor	Brandon Willard	Traverlers Casualty & Surety Co	50,000

Justice Court Judges

Jerome Brown	Traverlers Casualty & Surety Co	50,000
Sonny Meeks	Traverlers Casualty & Surety Co	50,000

Justice Court Clerks & Deputy Clerks

Kristina Lovorn	Traverlers Casualty & Surety Co	50,000
Katie Stowell	Traverlers Casualty & Surety Co	50,000
Patricia kent	Traverlers Casualty & Surety Co	50,000
Shelia Rogers	Traverlers Casualty & Surety Co	50,000
Gloria White	Traverlers Casualty & Surety Co	50,000

Tax Assessor/Collector

Joe Akins	Traverlers Casualty & Surety Co	100,000
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Deputy Tax Assessor/Collectors

Collector	Will Hall	Traverlers Casualty & Surety Co	50,000
Assessor	Dana Davis	RLI Surety	10,000
Assessor	Melissa Roberson	Traverlers Casualty & Surety Co	10,000
Assessor	Andy Childs	Traverlers Casualty & Surety Co	10,000
Assessor	Amy Nance	Traverlers Casualty & Surety Co	10,000
Assessor	Patricia Smith	Traverlers Casualty & Surety Co	10,000
Assessor	Ronnie Martindale	Traverlers Casualty & Surety Co	10,000
Collector	Sandra Ray	Traverlers Casualty & Surety Co	50,000
Collector	Wanda Dains	Traverlers Casualty & Surety Co	50,000
Bookkeeper	Kristy Paseur	Traverlers Casualty & Surety Co	50,000
Collector	Becky Carter	Traverlers Casualty & Surety Co	50,000
Collector	Cassandra Jackson	Traverlers Casualty & Surety Co	50,000

TIPPAH COUNTY, MISSISSIPPI

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
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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
Tippah 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tippah County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 16, 2021. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Tippah County Health Services and the Tippah County Development Foundation, as described in our report on Tippah County's financial statements. The financial statements of the Tippah County Development Foundation were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2017-001, 2017-002 and 2017-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tippah 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.

Tippah County's Responses to Findings

Tippah County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Tippah 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 Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Okolona, Mississippi
August 16, 2021

Watkins Ward and Stafford, P.C.



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

Members of the Board of Supervisors
Tippah County, Mississippi

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

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

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

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

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

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

Okolona, Mississippi
August 16, 2021

Watkins Ward and Stafford, P.C.

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

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than The Lowest Bid</u>
5/15/2017	Clay Gravel	\$2.79/ Ton	Martin	\$2.75/Ton	The lowest bidder was located farther away and the drive would not benefit the county.
5/15/2017	Various CorrugatedMetal Pipe	Identical Bid	G&O Supply	Identical Bid	The bidder that was selected had the material in stock, whereas the other bidder did not.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
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Our test results did not identify any emergency purchases.

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

Schedule 3

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tippah County, Mississippi

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

In addition, for areas not considered material to Tippah County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 16, 2021, on the financial statements of Tippah County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and test of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Okolona, Mississippi
August 16, 2021

Watkins Ward and Stafford, PLLC

TIPPAH COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

TIPPAH COUNTY, MISSISSIPPI
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 | Unmodified |
| | Aggregate discretely presented component units | Unmodified |
| | General Fund | Unmodified |
| | Countywide Road Maintenance Fund | Unmodified |
| | Aluma Form Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified? | None reported |
| 3. | Noncompliance material to the financial statements noted? | No |

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

Section 2: Financial Statement Findings

Chancery Clerk

Material Weakness

2017-001 Lack of proper segregation of duties over general accounting functions.

Repeat Finding: Yes 2016-004

Criteria

A segregation of duties is considered necessary to ensure that financial data is initiated, recorded, and processed consistent with the assertions of management in the financial statements.

Condition

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Cause

Due to an improperly designed internal control structure, the County Bookkeeper maintains the general ledger, collects cash, writes and signs checks, handles certificates of deposit transactions, and prepares bank reconciliations.

Effect

Lack of segregation of duties could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation

The Chancery Clerk should implement an effective system of internal control over general accounting functions that provides a proper segregation of duties for cash disbursement, collection, deposit preparation, general journal, recording, and reconciling functions

Response

The Chancery Clerk will implement effective internal control policies as feasible. Due to limited financial resources, the county is not able to hire additional personnel to achieve the desirable segregation of duties.

Material Weakness

2017-002 Lack of proper segregation of duties over the payroll function.

Repeat Finding: Yes 2016-001

Criteria

An effective system of internal control should include adequate segregation of duties for the payroll function.

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

Condition

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Cause

Due to an improperly designed internal control structure, the payroll clerk prepares the payroll, stamps the Chancery Clerk's signature, and reconciles the payroll bank statement.

Effect

Lack of segregation of duties could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation

The Chancery Clerk should implement an effective system of internal controls over the payroll function that will ensure proper segregation of duties exists with respect to control of the general ledger, the processing of payroll, and other payroll duties.

Response

The Chancery Clerk will implement effective internal control policies as feasible. Due to limited financial resources, the county is not able to hire additional personnel to achieve the desirable segregation of duties.

Sheriff

Material Weakness

2017-003 Lack of proper segregation of duties in the Sheriff's office.

Repeat Finding: Yes 2016-005

Criteria

An effective system of internal control should include adequate segregation of duties in the Sheriff's office.

Condition

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Cause

Due to an improperly designed internal control structure, the bookkeeper receipts collections, prepares he deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements, and disburses all funds

Effect

Lack of segregation of duties could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation

The Sheriff should implement effective internal control policies to ensure a proper segregation of duties in the cash collection, disbursement, recording, and reconciling functions.

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

Response

The Sheriff will implement effective internal controls as feasible with the available resources. However, he does provide frequent and independent reviews of the processing and recording of the financial data of the Sheriff's office.