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**Adams County, Mississippi**  
Audited Financial Statements  
and Special Reports  
For the Year Ended  
September 30, 2018

**Fortenberry & Ballard, PC**  
Certified Public Accountants

# Adams County, Mississippi

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## FINANCIAL REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Adams 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 the Adams County, Mississippi (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Adams County Airport Commission and Natchez-Adams County Port Commission, which are discretely presented component units and represent 45% and 55%, respectively, of the assets, 62% and 38%, respectively, of the net position, and 21% and 79% of the revenues of the discretely presented component units. 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 Adams County Airport Commission and Natchez-Adams County Port Commission, is based solely 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion on the Governmental Activities and General Fund**

The Tax Collector did not reconcile their bank statements nor match up to the booked cash. The amount by which this departure would affect the assets, net position/fund balance, and revenues of the Governmental Activities and the General Fund has not been determined.

### **Qualified Opinions**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and the General Fund of the Adams County, Mississippi, as of September 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, each major fund other than the General Fund, and the aggregate remaining fund information of the Adams County, Mississippi, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Contributions and corresponding notes, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors

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**

Adams County, Mississippi, has omitted 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 Adams County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Component Units - Combining Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and Component Units - Combining Statements are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the Schedule of Expenditures of Federal Awards and the Component Units - Combining Statements are 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 October 26, 2020, on our consideration of the Adams County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Adams 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 Adams County, Mississippi's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
October 26, 2020

Certified Public Accountants

## FINANCIAL STATEMENTS

**ADAMS COUNTY, MISSISSIPPI**  
Statement of Net Position  
September 30, 2018

Exhibit 1

	Primary Government Governmental Activities	Component Units
<b>ASSETS</b>		
Cash	\$ 5,273,361	\$ 592,627
Property tax receivable	12,162,170	-
Accounts receivable (net of allowance for uncollectibles of \$2,471,100)	87,360	388,413
Fines receivable (net of allowance for uncollectibles of \$2,209,559)	765,492	-
Loans receivable	2,087,000	-
Intergovernmental receivables	496,835	15,000
Other receivables	439,253	-
Inventories and prepaid items	-	60,443
Capital assets:		
Land and construction in progress	17,507,548	324,352
Other capital assets, net	53,892,326	12,127,880
Intangible assets, net	-	95,094
Total Assets	92,711,345	13,603,809
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	3,099,090	309,739
Deferred amount on refunding	447,105	-
Total Deferred Outflows of Resources	3,546,195	309,739
<b>LIABILITIES</b>		
Claims payable	602,154	197,678
Intergovernmental payables	258,106	-
Accrued interest payable	136,278	-
Amounts held in custody for others	165,675	-
Long-term liabilities :		
Net pension liability	21,518,573	2,536,362
Due within one year:		
Capital debt	2,288,016	2,090,930
Non-capital debt	686,230	-
Due in more than one year:		
Capital debt	17,406,899	4,026
Non-capital debt	2,274,006	-
Total Liabilities	45,335,937	4,828,996
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	1,639,200	123,264
Property tax for future reporting period	12,162,170	-
Total Deferred Inflows of Resources	13,801,370	123,264
<b>NET POSITION</b>		
Net investment in capital assets	52,152,064	10,357,276
Restricted for:		
Expendable:		
General government	411,774	-
Public safety	338,493	-
Public works	195,161	-
Unemployment compensation	30,106	-
Economic development and assistance	162,919	-
Debt service	1,400,663	-
Insurance premiums	289,055	-
Non-expendable:		
Loan receivable	2,087,000	-
Unrestricted	(19,947,002)	(1,395,988)
Total Net Position	\$ 37,120,233	\$ 8,961,288

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

**ADAMS COUNTY, MISSISSIPPI**  
Statement of Activities  
For the Year Ended September 30, 2018

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	Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 10,902,838	2,631,431	872,064		(7,399,343)	
Public safety	7,889,008	1,133,860	1,016,316		(5,738,832)	
Public works	2,596,305	1,109,524	929,870		(556,911)	
Health and welfare	382,339		80,915	7,268	(294,156)	
Culture and recreation	1,086,890				(1,086,890)	
Education	842,511				(842,511)	
Conservation of natural resources	186,755				(186,755)	
Economic development and assistance	2,158,995			757,621	(1,401,374)	
Interest on long-term debt	889,511				(889,511)	
Pension expense	3,148,591				(3,148,591)	
Total Governmental Activities	<u>30,083,743</u>	<u>4,874,815</u>	<u>2,899,165</u>	<u>764,889</u>	<u>(21,544,874)</u>	
Component units:						
Adams County Airport Commission	\$ 1,046,144	575,081				(471,063)
Natchez-Adams County Port Commission	2,695,804	2,217,286				(478,518)
Total Component Units	<u>\$ 3,741,948</u>	<u>2,792,367</u>	<u>-</u>	<u>-</u>		<u>(949,581)</u>
General revenues:						
Property taxes				\$ 16,092,926		
Road & bridge privilege taxes				757,453		
Grants and contributions not restricted to specific programs				1,524,538		
Unrestricted interest income				40,161		356
Miscellaneous				906,889		48,903
Appropriations from primary government						235,000
Total General Revenues and Contributions				<u>19,321,967</u>		<u>284,259</u>
Changes in Net Position				<u>(2,222,907)</u>		<u>(665,322)</u>
Net Position - Beginning, as previously reported				38,566,985		9,634,409
Prior period adjustments				776,155		(7,799)
Net Position - Beginning, as restated				<u>39,343,140</u>		<u>9,626,610</u>
Net Position - Ending				<u>\$ 37,120,233</u>		<u>8,961,288</u>

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

**ADAMS COUNTY, MISSISSIPPI**  
Balance Sheet - Governmental Funds  
September 30, 2018

Exhibit 3

	Major Funds			
	General Fund	County Wide Bond and Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 2,045,708	\$ 1,522,997	\$ 1,328,513	\$ 4,897,218
Property tax receivable	8,523,249	1,480,281	2,158,640	12,162,170
Accounts receivable (net of allowance for uncollectibles of \$2,471,100)			87,360	87,360
Fines receivable (net of allowance for uncollectibles of \$2,209,559)	765,492			765,492
Loans receivable			2,087,000	2,087,000
Intergovernmental receivables	200,785		296,050	496,835
Other receivables	414,614		24,639	439,253
Due from other funds	138,669	13,944	62,263	214,876
Advances to other funds	154,536	15,831	73,023	243,390
Total Assets	<u>\$ 12,243,053</u>	<u>\$ 3,033,053</u>	<u>\$ 6,117,488</u>	<u>\$ 21,393,594</u>
<b>LIABILITIES</b>				
Liabilities:				
Claims payable	\$ 152,829	\$	\$ 397,079	\$ 549,908
Intergovernmental payables	339,065			339,065
Due to other funds	76,207		138,669	214,876
Advances from other funds	90,324		37,265	127,589
Amounts held in custody for others	165,675			165,675
Total Liabilities	<u>824,100</u>	<u>-</u>	<u>573,013</u>	<u>1,397,113</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	8,523,249	1,480,281	2,158,640	12,162,170
Unavailable revenue - garbage fees			87,360	87,360
Unavailable revenue - fines	765,492			765,492
Total Deferred Inflows of Resources	<u>9,288,741</u>	<u>1,480,281</u>	<u>2,246,000</u>	<u>13,015,022</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Loan receivable			2,087,000	2,087,000
Advances	154,536			154,536
Restricted for:				
General government			415,649	415,649
Public safety			349,020	349,020
Public works			253,781	253,781
Economic development and assistance			162,919	162,919
Unemployment compensation			30,106	30,106
Debt service		1,552,772		1,552,772
Unassigned	1,975,676			1,975,676
Total Fund Balances	<u>2,130,212</u>	<u>1,552,772</u>	<u>3,298,475</u>	<u>6,981,459</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,243,053</u>	<u>\$ 3,033,053</u>	<u>\$ 6,117,488</u>	<u>\$ 21,393,594</u>

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

**ADAMS COUNTY, MISSISSIPPI**Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2018

	<u>Amount</u>
<b>Total Fund Balance - Governmental Funds</b>	\$ 6,981,459
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 \$64,948,123.	71,399,874
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Accounts receivable, net	87,360
Fines receivable, net	765,492
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(22,655,151)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(21,518,573)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(136,278)
Deferred amount on refunding	447,105
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	3,099,090
Deferred inflows of resources related to pensions	(1,639,200)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	<u>289,055</u>
<b>Total Net Position - Governmental Activities</b>	\$ <u><u>37,120,233</u></u>

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

**ADAMS COUNTY, MISSISSIPPI**Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2018

	Major Funds			
	General Fund	County Wide Bond and Interest Sinking Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 12,272,361	\$ 1,264,580	\$ 2,555,985	\$ 16,092,926
Road and bridge privilege taxes			757,453	757,453
Licenses, commissions and other revenue	489,935		389,223	879,158
Fines and forfeitures	246,065		26,411	272,476
Intergovernmental revenues	1,912,615		3,275,977	5,188,592
Charges for services	483,116		1,203,447	1,686,563
Interest income	37,590		123	37,713
Miscellaneous revenues	290,453	13,755	488,899	793,107
Total Revenues	<u>15,732,135</u>	<u>1,278,335</u>	<u>8,697,518</u>	<u>25,707,988</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,865,473		798,627	7,664,100
Public safety	6,188,080		2,154,697	8,342,777
Public works			5,200,078	5,200,078
Health and welfare	382,339			382,339
Culture and recreation	1,086,890			1,086,890
Education	624,476		218,035	842,511
Conservation of natural resources	382,973			382,973
Economic development and assistance	257,890	121,580	1,779,525	2,158,995
Debt service:				
Principal	1,212,832	1,132,459	658,722	3,004,013
Interest	76,442	467,520	176,684	720,646
Bond issue costs		163,601		163,601
Total Expenditures	<u>17,077,395</u>	<u>1,885,160</u>	<u>10,986,368</u>	<u>29,948,923</u>
Excess of Revenues over (under) Expenditures	<u>(1,345,260)</u>	<u>(606,825)</u>	<u>(2,288,850)</u>	<u>(4,240,935)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	209,566	3,500,000	317,983	4,027,549
Refunding bonds issued		8,115,000		8,115,000
Proceeds from sale of capital assets	23,849		79,250	103,099
Premiums on bonds issued		145,847		145,847
Compensation for loss of capital assets	32,437		20,682	53,119
Transfers in	2,073,946	316,870	1,462,042	3,852,858
Transfers out	(483,912)	(1,959,521)	(959,425)	(3,402,858)
Payment to bond refunding escrow agent		(7,975,666)		(7,975,666)
Total Other Financing Sources and Uses	<u>1,855,886</u>	<u>2,142,530</u>	<u>920,532</u>	<u>4,918,948</u>
Net Changes in Fund Balances	<u>510,626</u>	<u>1,535,705</u>	<u>(1,368,318)</u>	<u>678,013</u>
Fund Balances - Beginning	<u>1,619,586</u>	<u>17,067</u>	<u>4,666,793</u>	<u>6,303,446</u>
Fund Balances - Ending	<u>\$ 2,130,212</u>	<u>\$ 1,552,772</u>	<u>\$ 3,298,475</u>	<u>\$ 6,981,459</u>

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

**ADAMS COUNTY, MISSISSIPPI**Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2018

	<u>Amount</u>
<b>Net Changes in Fund Balances - Governmental Funds</b>	<b>\$ 678,013</b>
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 \$4,073,602 exceeded depreciation of \$1,590,541 in the current period.	2,483,061
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the asset sold.	(42,436)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(1,861,646)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(33,090)
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 following amounts:	
Debt repayments	3,004,013
Issuance of long-term capital debt	(4,027,549)
Issuance of refunding bonds	(8,115,000)
Payment to refunding bonds escrow agent	7,975,666
Amortization of current year refunding items	(66,027)
Bond premium from new refunding issue	(145,847)
Amortization of current year bond premium	8,913
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in accrued interest payable	51,851
Increase in compensated absences	(188,009)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(3,148,591)
Recording of contributions made during year	1,312,126
An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.	<u>(108,355)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>(2,222,907)</u></b>

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



**ADAMS COUNTY, MISSISSIPPI**  
Statement of Net Position - Proprietary Fund  
September 30, 2018

Exhibit 5

	Internal Service Fund
<b>ASSETS</b>	
Cash	\$ 376,143
Advances to other funds	10,000
Total Assets	<u>386,143</u>
<b>LIABILITIES</b>	
Claims payable	52,246
Advances from other funds	44,842
Total Liabilities	<u>97,088</u>
<b>NET POSITION</b>	
Restricted for claim payments	289,055
Total Net Position	\$ <u><u>289,055</u></u>

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

**ADAMS COUNTY, MISSISSIPPI**Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2018

	Internal Service Fund
<b>OPERATING REVENUES</b>	
Premiums	\$ 2,036,618
Total Operating Revenues	<u>2,036,618</u>
<b>OPERATING EXPENSES</b>	
Claims payments	<u>1,697,421</u>
Total Operating Expenses	<u>1,697,421</u>
Operating Income (Loss)	<u>339,197</u>
<b>NON-OPERATING REVENUES</b>	
Interest income	<u>2,448</u>
Total Non-operating revenues	<u>2,448</u>
Transfers out	<u>(450,000)</u>
Changes in Net Position	<u>(108,355)</u>
Net Position - Beginning	397,410
Net Position - Ending	<u><u>\$ 289,055</u></u>

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

**ADAMS COUNTY, MISSISSIPPI**  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2018

Exhibit 7

	Internal Service Fund
<b>Cash Flows From Operating Activities</b>	
Receipts for premiums	\$ 2,036,618
Other operating cash payments	(1,782,623)
Net Cash Provided (Used) by Operating Activities	<u>253,995</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Cash paid to other funds:	
Operating transfers out	(450,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(450,000)</u>
<b>Cash Flows From Investing Activities</b>	
Interest on deposits	2,448
Net Cash Provided (Used) by Investing Activities	<u>2,448</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(193,557)
Cash and Cash Equivalents - Beginning	569,700
Cash and Cash Equivalents - Ending	\$ <u><u>376,143</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ 339,197
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in claims payable	(85,202)
Total Adjustments	<u>(85,202)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>253,995</u></u>

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

**ADAMS COUNTY, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2018

Exhibit 8

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 371,638
Total Assets	<u>371,638</u>
<b>LIABILITIES</b>	
Amounts held in custody for others	199,577
Intergovernmental revenues	91,102
Advances from other funds	80,959
Total Liabilities	<u>\$ 371,638</u>

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

**Adams County, Mississippi**

Notes to the Financial Statements  
For the Year ended September 30, 2018

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### (1) Summary of Significant Accounting Policies

##### A. Financial Reporting Entity

Adams 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 Adams County, Mississippi to present these financial statements on the primary government and its component units which have a significant operational or financial relationship with the County.

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's 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
- Tax Collector
- Sheriff

##### B. Individual Component Unit Disclosures

###### Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component unit's balances and transactions are blended with the balances and transactions of the primary government. Adams County has one blended component unit - Adams County Public Improvement Corporation.

Adams County Public Improvement Corporation was incorporated as a nonprofit under Section 31-8-3, Miss. Code Ann. (1972) that allows counties to enter into lease agreements with any corporation. The Corporation's three-member Board of Directors is appointed by the Board of Supervisors. The Corporation produces a financial benefit through its ability to finance the construction of capital facilities

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

for the primary government by obligating funds to repay debt pursuant to a lease agreement.

#### Discretely Presented Component Units

The component units' column 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. The majority of the members of the governing bodies of these component units were appointed by the County Board of Supervisors.

The County reports the following discretely presented component units. Complete financial statements for these component units can be obtained through the Adams County Board of Supervisors.

- Adams County Airport Commission
- Natchez-Adams County Port Commission

The Adams County Airport Commission (the Airport) was established by a joint resolution and ordinance of the Board of Supervisors of Adams County, Mississippi, the Mayor and the Board of Alderman of the City of Natchez, Mississippi, pursuant to Section 61-3-5 of the Mississippi Code of 1972, annotated and recompiled. Pursuant to the provisions of the joint resolution and ordinance of May 1998, the Adams County Board of Supervisors created the Adams County Airport Commission. Adams County provides the annual funding for the Airport; therefore, it is treated as a component unit for the County for reporting purposes. The Airport has a year end of September 30.

The Natchez-Adams County Port Commission (the Port) is located along the Mississippi River in the City of Natchez in Adams County, Mississippi. The Port is governed by a Board of Commissioners which are appointed by the Adams County Board of Supervisors. The Port has a year end of September 30.

Certified public accounting firms other than the primary government's auditor audited the financial statements for each discretely-presented component unit listed above and provided these to the County as the primary government.

Financial information may be obtained from the Adams County Chancery Clerk's office at 115 S Wall Street, Natchez, MS 39120.

## **Adams County, Mississippi**

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### **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 nonexchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities 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. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

##### **Fund Financial Statements:**

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary.



## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

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, Proprietary Fund 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 assets used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

Governmental 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.

## Adams County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2018

County Wide Bond and Interest Sinking Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing for County projects.

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

### PROPRIETARY FUND TYPE

Internal Service Fund - This fund is used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The County's internal service fund reports on the self-insurance programs for employee medical benefits.

### FIDUCIARY FUND TYPES

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.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### 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 financial 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 governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

#### 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.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

Deferred amount of refunding - For current refunding and advance refunding resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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 15 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 and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows as follows:

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

Unavailable revenues - garbage fees - 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.

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 15 for additional details.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### 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 applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. 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:

1. 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

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

attributable to the acquisition, construction or improvements of those assets.

2. 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.
3. Unrestricted net position - All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

#### Net Position Flow Assumption:

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

#### Fund Financial Statements:

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

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

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

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

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

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

#### Fund Balance Flow Assumption:

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

#### 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.



## **Adams County, Mississippi**

### Notes to the Financial Statements For the Year Ended September 30, 2018

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

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

#### **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. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The County does not have an OPEB plan.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### (2) Prior Period Adjustment

A summary of the significant net position/fund balance adjustments is as follows:

#### Exhibit 2 - Statement of Activities

Explanation	Amount
1. Correction of capital assets.	\$ <u><u>776,155</u></u>

#### (3) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$5,644,999, and the bank balance was \$6,251,145. 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 the 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.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### (4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2018:

##### A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 138,669
County Wide Bond and Interest Sinking Fund	General Fund	13,944
Other Governmental Funds	General Fund	62,263
Total		<u>\$ 214,876</u>

Primary receivables represent cash deficits / surplus between funds previously not recorded. Other receivables represent the tax revenue collected but not settled until October 2018. All current 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
General Fund	Other Governmental Funds	\$ 28,735
General Fund	Internal Service Fund	44,842
General Fund	Agency Funds	80,959
County Wide Bond Interest & Sinking Fund	General Fund	15,831
Other Governmental Funds	General Fund	64,493
Other Governmental Funds	Other Governmental Funds	8,530
Internal Service Fund	General Fund	10,000
Total		<u>\$ 253,390</u>

Advances to other funds have generally been made to provide cash to funds to help fund operations.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	County Wide Bond Interest & Sinking Fund	\$ 1,193,551
General Fund	Internal Service Fund	400,000
General Fund	Other Governmental Funds	480,395
County Wide Bond Interest & Sinking Fund	Other Governmental Funds	316,870
Other Governmental Funds	General Fund	483,912
Other Governmental Funds	County Wide Bond Interest & Sinking Fund	765,970
Other Governmental Funds	Internal Service Fund	50,000
Other Governmental Funds	Other Governmental Funds	162,160
Total		<u>\$ 3,852,858</u>

Transfers are for the following: 1) County matching on grants, 2) transfer of one mill funds, excess tax bids, and grand gulf fund for unrestricted operations and 3) miscellaneous fund operations where cash was short.

#### (5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2018 consisted of the following:

##### Governmental Activities:

Description	Amount
Governmental Activities:	
Legislative Tag Credit	\$ 153,125
Bellwood Levee Project	237,581
Other Federal Grants	23,962
Other State and Local Monies	82,167
Total Governmental Activities	<u>\$ 496,835</u>

#### (6) Loans Receivable

Loan receivable balances at September 30, 2018, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Natchez-Adams County Port Commission	November 1997	5.20%	November 2017	<u>\$ 2,087,000</u>

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

#### (7) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2018:

##### Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 12,241,312	120,000			12,361,312
Construction in progress	2,123,141	3,023,095			5,146,236
Total non-depreciable capital assets	14,364,453	3,143,095	0	0	17,507,548
Depreciable capital assets:					
Infrastructure	89,437,875				89,437,875
Buildings	16,669,651	206,971			16,876,622
Improvements other than buildings	1,366,707				1,366,707
Mobile equipment	5,041,040	125,366	235,777	517,606	5,448,235
Furniture and equipment	2,045,323	70,622	49,009		2,066,936
Leased property under capital leases	3,634,132	527,548		(517,606)	3,644,074
Total depreciable capital assets	118,194,728	930,507	284,786	0	118,840,449
Less accumulated depreciation for:					
Infrastructure	51,399,643	684,277		(188,043)	51,895,877
Buildings	5,752,863	264,986		(525,833)	5,492,016
Improvements other than buildings	451,720	32,537		(65,075)	419,182
Mobile equipment	4,200,373	218,987	208,456	210,566	4,421,470
Furniture and equipment	1,731,680	39,248	33,894	1,860	1,738,894
Leased property under capital leases	839,808	350,506		(209,630)	980,684
Total accumulated depreciation	64,376,087	1,590,541	242,350	(776,155)	64,948,123
Total depreciable capital assets, net	53,818,641	(660,034)	42,436	776,155	53,892,326
Total capital assets, net	\$ 68,183,094	2,483,061	42,436	776,155	71,399,874

Adjustments were made to correctly present capital assets.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 210,181
Public safety	364,418
Public works	1,005,189
Conservation of natural resources	<u>10,753</u>
Total depreciation expense	<u>\$ 1,590,541</u>

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Deerfield Bridge and Hutchins Landing	\$ 89,485	December - 18

#### (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, 2018 to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims serving organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on two separate stop loss coverages; specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$20,000, and the aggregate policy covers all submitted claims in excess of \$55,000. The reinsurance coverage limit is \$1,000,000.

## Adams County, Mississippi

### Notes to the Financial Statements

For the Year Ended September 30, 2018

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal year 2018 and 2017:

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2016-2017	\$	294,042	1,507,947	1,664,541	137,448
2017-2018	\$	137,448	1,612,219	1,697,421	52,246

#### (9) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

Classes of Property		Governmental Activities
Mobile Equipment	\$	3,254,314
Other Furniture and Equipment		389,760
Less: Accumulated Depreciation		(980,684)
Leased Property under Capital Leases	\$	<u>2,663,390</u>

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

The following is a schedule by years of the total payments due as of September 30, 2018:

Year ending September 30,	Principal	Interest
2019	\$ 597,738	\$ 70,033
2020	434,933	55,162
2021	831,650	41,824
2022	564,159	24,427
2023	212,224	8,886
2024	71,404	1,782
Total	\$ 2,712,108	\$ 202,114

#### (10) Long-Term Debt

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
General Obligation Refunding Bond, Series 2012	\$ 311,230	2.90%	09/2019
2017 Refunding Bonds	8,000,000	4.50%	08/2033
Refunded Hospital Bonds	1,955,000	4.50%	10/2023
Refunded GO Jail Bonds	1,245,000	2.00%	07/2024
Port Improvement Bonds	2,430,000	4.50%	07/2028
Capital Improvement Bonds, Series 2018	3,500,000	2.5 - 3.50%	03/2033
Total General Obligation Bonds	\$ 17,441,230		
B. Capital Leases:			
Caterpillar D6 / Dozer / Tractor	\$ 125,914	2.12%	02/2019
(4) Ford Expeditions - Sherrif	25,058	2.09%	02/2019
2015 International Dump Truck	22,782	2.15%	09/2019
Durapatcher Pot Hole Patcher	20,231	2.28%	06/2020
John Deere 544K Loader	114,635	2.15%	11/2019
2015 Caterpillar Loader	135,018	2.19%	11/2020
E-911 Dispatch System	93,856	2.04%	04/2020



## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

(4) Chevrolet Tahoes - Sheriff	52,320	2.28%	02/2020
John Deere 410K Backhoe	71,037	2.15%	10/2019
John Deere Motor Grader	184,208	2.24%	11/2020
Caterpillar 934M Wheel Loader	129,796	2.07%	06/2021
John Deere 410L Backhoe / Loader	85,926	2.15%	06/2021
2016 Pierce Pumper Truck	403,237	2.49%	05/2024
(6) Interceptors for SO	157,250	2.37%	02/2022
(2) Tandem Dump Trucks	250,104	2.49%	05/2022
Cat 430 loader/Sweeper	132,623	2.49%	06/2022
Zero Turn Tractor	47,527	2.94%	06/2023
Mini - Excavator	75,257	3.87%	09/2023
(4) Ram Trucks & Touchprint Booking System	162,039	3.73%	08/2023
(2) New Holland Tractors & (2) Diamond Cutters	242,726	3.53%	08/2023
(2) Bobtail Dump Trucks	180,564	2.39%	08/2022
Total Capital Leases	<u>\$ 2,712,108</u>		

#### C. Other Loans:

Revolving Loan - Freight Rail Service Projects	\$ 652,014	0.00%	Unknown
Series 2017 Negotiable Note	525,000	4.45%	06/2022
Series 2014 Negotiable Note	493,859	1.92%	11/2019
Total Other Loans	<u>\$ 1,670,873</u>		

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

#### Governmental Activities:

Year Ending September 30,	General Obligation Bonds	
	Principal	Interest
2019	\$ 1,956,230	622,607
2020	1,330,000	569,182
2021	1,375,000	526,013
2022	1,425,000	481,213
2023	1,475,000	434,488
2024 - 2028	5,315,000	1,527,940
2029 - 2033	4,565,000	549,005
Total	<u>\$ 17,441,230</u>	<u>4,710,448</u>

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

Year Ending September 30,	Other Loans	
	Principal	Interest
2019	\$ 420,278	21,313
2020	427,787	14,060
2021	181,456	6,046
2022	183,725	3,057
2023	48,597	
2024 - 2028	242,984	
2029 - 2032	166,046	
Total	\$ 1,670,873	44,476

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 5.21% of the latest property assessments.

**Advance Refunding:** On October 25, 2017, the County issued \$8,115,000 in general obligation refunding bonds with an interest rate of 4.00% to 4.50% to advance refund \$7,995,000 of 2013 Industrial Revenue Bonds - Rentech. The debt had a call feature dated August 2018. All outstanding debt until those times was to be paid in accordance with the original debt agreement.

The net proceeds of \$7,975,666 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The refunding of both of these obligations reduced total debt service payments over the next nine years by \$476,663 and resulted in an economic gain of \$360,187 (difference between the present values of the debt service payments of the old and new debt).

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
<u>Governmental Activities:</u>						
General obligation bonds	\$ 15,573,689	3,500,000	2,097,459	465,000	17,441,230	1,956,230
Premiums		145,847	8,913		136,934	
Capital leases	2,677,582	527,549	493,023		2,712,108	597,738
Other loans	2,084,404		413,531		1,670,873	420,278
Total	<u>20,335,675</u>	<u>4,173,396</u>	<u>3,012,926</u>	<u>465,000</u>	<u>21,961,145</u>	<u>2,974,246</u>
Compensated absences	<u>505,997</u>	<u>188,009</u>			<u>694,006</u>	
Total	<u>\$ 20,841,672</u>	<u>4,361,405</u>	<u>3,012,926</u>	<u>465,000</u>	<u>22,655,151</u>	<u>2,974,246</u>
Deferred amount on refunding	<u>187,466</u>	<u>325,666</u>	<u>66,027</u>		<u>447,105</u>	

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

#### (11) Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balance and net position at September 30, 2018:

Fund	Deficit Amount
County Reappraisal	\$ 12,526
MDA CDBG Health Dept Roof Project	68,891
Sheriff VOCA Grant	92,344
Belwood Property Projects	5,991
Waste Collection & Disposal Fund	60,098

#### (12) 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

## **Adams County, Mississippi**

### Notes to the Financial Statements For the Year Ended September 30, 2018

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.

Airport Revenue Note Contingencies - The County issued revenue notes to provide funds for constructing and improving capital facilities of the Adams County Airport. The revenue notes are reported as a liability of the Airport because such debt is payable primarily from the Airport's operations. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County are secondarily pledged in case of default by the Airport. The principal amount of Airport revenue notes outstanding at September 30, 2018 is \$7,956.

#### (13) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Adams County Board of Supervisors appoints five of the 27 members of the College Board of Trustees. The County appropriated \$882,115 for maintenance and support of the College in fiscal year 2018.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints four of the 40 members of the Board of Directors. The County appropriated \$71,865 for the support of the District in fiscal year 2018.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Adams County Board of Supervisors appoints one of the ten members of the Board of Commissioners. The County contributes a small part of the entity's total revenues. The County appropriated \$77,143 for support of the Complex in fiscal year 2018.

## Adams County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2018

Southwest Mississippi Development Corporation operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by members appointed by each county's lead industrial foundation or Chamber of Commerce. If no industrial foundation or Chamber of Commerce is present, the member is appointed by the County's Board of Supervisors. The member counties provide only modest financial support for the Corporation.

### (14) Defined Benefit Pension Plan

#### *General Information about the Pension Plan*

Plan Description. The County contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

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, 2018, 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, 2018 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 fiscal years ending September 30, 2018, 2017 and 2016 were \$1,312,126, \$1,226,581, and \$1,195,004, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the County reported a liability of \$21,518,573 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 proportionate share used to calculate the September 30, 2018 net pension liability was 0.129373 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.010698 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$3,148,591. At September 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,397	
Net difference between projected and actual earnings on pension plan investments		1,530,291
Change of assumptions	11,647	10,446
Changes in the proportion and differences between County contributions and proportionate share of contributions	2,660,547	98,463
County contributions subsequent to the measurement date	341,499	
Total	<u>\$ 3,099,090</u>	<u>1,639,200</u>

\$341,499 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, 2019. 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:

2019	\$ 820,781
2020	459,143
2021	(64,763)
2022	(96,770)
Total	<u>\$ 1,118,391</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

Inflation	3.0 percent
Salary increases	3.25 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27%	4.60%
International Equity	18%	4.50%
Emerging Markets Equity	4%	4.75%
Global	12%	4.75%
Fixed Income	18%	0.75%
Real Estate	10%	3.50%
Private Equity	8%	5.10%
Emerging Debt	2%	2.25%
Cash	1%	0.00%
Total	100%	



## Adams County, Mississippi

Notes to the Financial Statements  
For the Year Ended September 30, 2018

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

Sensitivity 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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 28,333,787	\$ 21,518,573	\$ 15,854,232

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

### (15) Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$19,947,002) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$341,499 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, 2019. The \$2,757,591 balance of the deferred outflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

The net investment in capital assets net position amount of \$52,152,064 includes the effect of deferring the recognition expenses resulting from a deferred outflow on refunding of County debt. The \$447,105, balance of the deferred outflow of resources at September 30, 2018 will be recognized as an expense and decrease the net investment in capital assets net position. This was proportionately expended beginning in the 2017 fiscal year and will continue through the end of the refunded debt, which is fiscal year 2024.

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

The unrestricted net position amount of (\$19,947,002) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,639,200 balance of deferred inflow of resources, at September 30, 2018 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

#### (16) Tax Abatements

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Adams County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with six entities as of September 30, 2018.

The County had three types of abatements. None of the which provide for the abatement of school or state tax levies:

#### Sections 27-31-101, 27-31-102, and 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

There are six entities that has a tax abatements under this statute. The exemptions expires with fiscal year end with in a ten-year time frame. For fiscal year 2018, \$560,899 in taxes were abated for this entity.

Category	% of Taxes Abated During Fiscal Year	Amount of Taxes Abated During Fiscal Year
Economic development projects	63.79%	\$ 560,899

#### (17) Mississippi Office of the State Auditor

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be

## Adams County, Mississippi

### Notes to the Financial Statements For the Year Ended September 30, 2018

viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will include a Purchasing Report and Limited Compliance Review Report.

#### (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 Adams County evaluated the activity of the County, through the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
02/27/2019	3.30%	\$ 791,323	Lease purchase	Ad valorem taxes
02/27/2019	3.30%	130,672	Lease purchase	Ad valorem taxes
03/15/2019	3.40%	194,866	Lease purchase	Ad valorem taxes
05/20/2019	3.56%	140,965	Lease purchase	Ad valorem taxes
05/21/2020	2.32%	52,718	Lease purchase	Ad valorem taxes
07/29/2020	2.29%	443,850	Lease purchase	Ad valorem taxes
08/04/2020	2.25%	201,607	Lease purchase	Ad valorem taxes

**Component Unit**  
**Adams County Airport Commission**

Notes to the Financial Statements  
For the Year Ended September 30, 2018

**ADAMS COUNTY AIRPORT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Adams County Airport Commission (the Airport or the Commission) was established by a joint resolution and ordinance of the Board of Supervisors of Adams County, Mississippi, and the Mayor and Board of Aldermen of the City of Natchez, Mississippi, pursuant to Section 61-3-5 of the Mississippi Code of 1972, annotated and recompiled. The original resolution expired on December 15, 1988, and was renewed for 20 more years ending on December 15, 2008. By joint resolution and ordinance of the Board of Supervisors of Adams County, Mississippi, and the Mayor and Board of Aldermen of the City of Natchez, Mississippi, and adopted by the Board of Supervisors on May 6, 1998, and by the Mayor and Board of Aldermen of the City of Natchez on May 7, 1998, the said resolution and ordinance adopted in 1988 was rescinded and the Natchez-Adams County Airport Commission dissolved. Pursuant to the provisions of Section 2 of the joint resolution and ordinance of May 1998, the Adams County Board of Supervisors created the Adams County Airport Commission.

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**A. Reporting Entity**

Adams County provides the annual funding for the Airport; therefore, it is treated as a component unit of the County for reporting purposes.

**B. Fund Accounting**

Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The Commission is classified and reported as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

### **C. Basis of Accounting**

All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Fund equity is segregated into net investment in capital assets and restricted and unrestricted components for enterprise funds. Enterprise operating statements present increases and decreases in net total position. The accrual basis of accounting is utilized by enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

### **D. Cash and Investments**

The Commission deposits excess funds in the financial institution selected by the Airport in accordance with state statutes.

For purposes of the statement of cash flows, the Commission considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

### **E. Accounts Receivable**

Accounts receivable consists primarily of amounts due for fuel purchases and hangar rent. The allowance for doubtful accounts is based on identification of specific accounts that are deemed uncollectible. There was no allowance at September 30, 2018.

### **F. Prepaid Items**

Payments for services that will benefit periods beyond September 30, 2018, are recorded as prepaid items.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **G. Capital Assets**

Enterprise funds are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and liabilities (whether current or non-current) associated with their activities are included on their statement of net position.

Depreciation of all exhaustible capital assets used by enterprise funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15-55 Years
Improvements other than buildings:	
Original construction of runways, taxiways, etc.	80 Years
Reconstruction (overlays, etc.)	15-40 Years
Machinery and equipment	5-15 Years
Vehicles	5 Years
Office furniture and equipment	5-12 Years
Other fixed assets	8-10 Years

As noted previously, depreciation on all exhaustible capital assets, whether acquired with its own funds or through contributions in aid of construction, is reflected in the Commission’s statement of revenues, expenses and changes in net position. All capital assets are stated at historical cost. Donated capital assets are stated at their estimated fair market value on the date donated.

### **H. Intangible Assets**

Amortization of air space easements and the related cost of clearing the easement area are charged as an expense against the Commission’s operations using an 80-year amortization period, which is the same period of time over which the runway for which the easement was obtained is being depreciated.

Under the terms of the easement agreements, the easements will terminate when the runway, for which the easements were obtained, is abandoned or ceases to be used for public airport purposes.

### **I. Inventories**

Inventories on hand represent aviation fuel and lubricants (motor oil). Inventories of aviation fuel are maintained in above ground tanks. Both items are stated at cost using the first-in, first-out method.

Inventories of minor supplies used for airport operations are expensed or recognized as an expense at the time of purchase.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **J. Net Position**

The Commission's net position is divided into the following categories: net investment in capital assets; restricted; and unrestricted. 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, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net assets are those that have constraints placed on them either externally, such as by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets are those net assets that do not meet the above definitions and are considered available for general operations.

### **K. Accumulated Compensated Absences**

The Commission has adopted a policy regarding payment for unused personal leave. All full-time employees of the Commission are entitled to leave with pay. The employees are generally allowed to accumulate leave of a certain number of days per year, depending on length of service and employment status. Employees can accumulate leave, but no employee can be paid for more than 45 days of leave upon termination.

### **L. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 2 – CASH AND OTHER DEPOSITS

The collateral for a public entity's deposits in financial institutions is now 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.

The carrying amount of the Commission's deposits with financial institutions at September 30, 2018, was \$431,816, and the bank balance was \$415,771.



### NOTE 3 – CAPITAL ASSETS

The following is a summary of capital assets as of September 30, 2018:

	Balance <u>9/30/17</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/18</u>
Capital assets not being depreciated:				
Land	\$ 268,655	\$ -	\$ -	\$ 268,655
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	268,655	-	-	268,655
Other capital assets:				
Buildings	2,526,078	-	-	2,526,078
Improvements other than buildings	11,695,901	5,170	-	11,701,071
Machinery and equipment	55,826	938	-	56,764
Vehicles	385,561	-	-	385,561
Office furniture and equipment	15,589	3,189	-	18,778
Other capital assets	<u>2,843</u>	<u>-</u>	<u>-</u>	<u>2,843</u>
	14,681,798	9,297	-	14,691,095
Less accumulated depreciation on other capital assets:				
Buildings	(797,452)	-	-	(797,452)
Improvements other than buildings	(8,132,920)	(292,336)	-	(8,425,256)
Machinery and equipment	(46,722)	-	-	(46,722)
Vehicles	(182,846)	-	-	(182,846)
Office furniture and equipment	(12,175)	-	-	(12,175)
Other capital assets	<u>(2,843)</u>	<u>-</u>	<u>-</u>	<u>(2,843)</u>
Total accumulated depreciation	<u>(9,174,958)</u>	<u>(292,336)</u>	<u>-</u>	<u>(9,467,294)</u>
Other capital assets, net	<u>5,506,840</u>	<u>(283,039)</u>	<u>-</u>	<u>5,223,801</u>
Capital assets, net	<u>\$ 5,775,495</u>	<u>\$ (283,039)</u>	<u>\$ -</u>	<u>\$ 5,492,456</u>

#### NOTE 4 – INTANGIBLE ASSETS

The following is a summary of the changes in intangible assets for the year ended September 30, 2018:

	<u>Balance 9/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/18</u>
Clearing and airspace easements	\$ 161,643	\$ -	\$ -	\$ 161,643
Accumulated amortization	<u>(64,528)</u>	<u>(2,021)</u>	<u>-</u>	<u>(66,549)</u>
	<u>\$ 97,115</u>	<u>\$ (2,021)</u>	<u>\$ -</u>	<u>\$ 95,094</u>

#### NOTE 5 – LONG-TERM OBLIGATIONS

In June, 2015, the Commission entered into an agreement with the primary government for the purchase of a new vehicle. The County added the vehicle to its existing fleet lease with the provision that the Commission makes the annual lease payment of \$4,125.93, with interest at 2.44%. The Commission is also reporting the asset.

Long-term obligation activity for the year ended September 30, 2018, is as follows:

	<u>9/30/17 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/18 Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 11,791	\$ -	\$ (3,835)	\$ 7,956	\$ 3,930

The total interest incurred for the year ended September 30, 2018, was \$290, which was charged to expense. As of September 30, 2018, annual debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 3,930	\$ 196
2020	<u>4,026</u>	<u>99</u>
Total requirements	<u>\$ 7,956</u>	<u>\$ 295</u>

## NOTE 6 – DEFINED BENEFIT PENSION PLAN

### Plan Description

The Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi, 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

### Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the Airport is required to contribute at an actuarially-determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Commission's contributions to PERS for the years ended September 30, 2018, 2017 and 2016, were \$24,241, \$26,604 and \$25,910, respectively, equal to the required contributions for each year.

### **Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to PERS**

At September 30, 2018, the Commission reported a liability of \$440,608 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2018, and the total PERS pension liability used to calculate the PERS net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the PERS net pension liability was based on a projection of the Commission's long-term share of contributions to the PERS pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Commission's proportion was 0.002649 percent, which was an increase of 0.000043 percent from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Commission recognized a reduction in pension expense related to PERS of \$1,530. At September 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	19,316	18,574
Changes in assumptions		26	243
Net difference between projected and actual earnings on Plan investments		-	51,197
Changes in proportion and differences between Commission contributions and proportionate share of contributions		48,917	1,351
Commission contributions subsequent to the measurement date		<u>4,734</u>	<u>-</u>
Total	\$	<u>72,993</u>	<u>71,365</u>

The \$4,734 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Deferred Outflows/(Deferred Inflow) Aging:

Year ended September

2019	\$	407
2020		407
2021		407
2022		<u>407</u>
	\$	<u>1,628</u>

*Actuarial Assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of Plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four year period ending June 30, 2016. As a result of the experience report which is dated April 18, 2017, the Board of Trustees adopted changes in assumptions for PERS since the last Measurement Date.

## NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

### *Changes of Assumptions*

#### 2017

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

#### 2016

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

#### 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.

### *Changes of Assumptions*

#### 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 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.

## NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Broad	27.00%	4.60 %
International Equity	18.00%	4.50 %
Emerging Markets Equity	4.00%	4.75 %
Global	12.00%	4.75 %
Fixed Income	18.00%	0.75 %
Real Assets	10.00%	3.50 %
Private Equity	8.00%	5.10 %
Emerging Debt	2.00%	2.25 %
Cash	<u>1.00%</u>	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%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the Commission's proportionate share of the net pension liability of PERS based on the June 30, 2015, actuarial valuations, calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

1.00% decrease <u>(6.75%)</u>	Current discount rate <u>(7.75%)</u>	1% increase <u>(8.75%)</u>
\$ 580,154	\$ 440,608	\$ 324,626

**Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

#### NOTE 7 – COMMITMENTS

The Commission has entered into various contracts that were not complete as of September 30, 2018. All projects are being financed primarily from grant funds.

#### NOTE 8 – RELATED PARTY TRANSACTIONS

One Commissioner is a member of Fly, LLC, which rents a hangar at the standard rate and purchases fuel from the Commission at the normal sales price. Hangar rent paid by Fly, LLC for the year ended September 30, 2018, was \$2,220. There was no receivable from Fly, LLC at September 30, 2018.

Two Commissioners are private owners of a personal aircraft. They rent hangars at the standard rate and purchase fuel at the normal sales price. One Commissioner left the Board in June 2018. From him, there is a receivable as of September 30, 2018, of \$1,013 for rent and fuel purchases.

The Commission's insurance policies are purchased through their agent who is an individual customer of the Commission, renting hangar space at the standard rate and purchasing fuel at the normal sales price. There was a receivable from this individual of \$185 for September hangar rent as of September 30, 2018.

#### NOTE 9 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Commission carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### NOTE 10 – ADAMS COUNTY ASSETS, LIABILITIES AND FUND BALANCE RELATED TO AIRPORT

As previously discussed, the Commission is treated as a component unit of Adams County for reporting purposes. Component units have significant operational or financial relationships with the County. Other funds related to the Commission are accounted for in the records of Adams County, Mississippi, by the Chancery Clerk. See the audit of Adams County, Mississippi, for disclosure of these items.

#### NOTE 11 – SUBSEQUENT EVENTS

On August 10, 2018, a notice of claim was communicated to the Commission related to the termination of the Airport Director in June 2018. A formal action was filed on February 26, 2019. The claim is being rigorously defended. Should such defense not be successful, it is still anticipated that insurance coverage will be adequate. These financial statements do not include any adjustments related to this particular claim.

**Component Unit**  
**Natchez-Adams County Port Commission**

Notes to the Financial Statements  
For the Year Ended September 30, 2018



**NATCHEZ-ADAMS COUNTY PORT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Natchez-Adams County Port Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Port applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Port does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**A. Reporting Entity**

The Natchez-Adams County Port Commission is part of the financial reporting entity of Adams County, Mississippi. As such, it is accounted for as a component unit. The Natchez-Adams County Port Commission has its own Board of Commissioners, which is appointed by the Board of Supervisors of Adams County.

**B. Fund Accounting**

The accounts of Adams County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Natchez-Adams County Port Commission is classified as a proprietary fund.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **C. Basis of Accounting**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

### **D. Cash and Cash Equivalents**

Cash consists of amounts on deposit with a financial institution in both interest-bearing and non-interest-bearing accounts. Cash and cash equivalents are valued at cost.

For purposes of the statement of cash flows, the Natchez-Adams County Port Commission considers all highly liquid investments and certificates of deposit to be cash equivalents if they have a maturity of six months or less when acquired.

### **E. Accounts Receivable**

Most receivables for the Port are classified as trade receivables and arise from transactions with customers for use of the Port facilities. All receivables are deemed by management to be collectible.

### **F. Investments**

The Port is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds.

### **G. Prepaid Items**

Payments made for services that will benefit periods beyond September 30, 2018, are recorded as prepaid items.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### H. Capital Assets

Capital assets are recorded at cost, or estimated historical cost for assets acquired prior to September 30, 1990, which were transferred from the general fixed asset account group of Adams County.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is charged to operations of proprietary funds over the assets' estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10 to 40 years
Bulk loading facility	40 years
Equipment	5 to 15 years
Office furniture and equipment	5 to 15 years
Vehicles	5 years

### I. Net Position

Net position is divided into the following categories: invested in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt consists of all capital assets, both restricted and unrestricted, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those that have constraints placed on them either externally, such as by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Natchez-Adams County Port Commission does not have a net position in this category. Unrestricted net positions are those net differences that do not meet the above definitions and are considered available for general operations.

### J. Concentrations of Credit Risk

Financial instruments, which potentially subject the Port to concentrations of credit risk, consist of billed accounts and unbilled costs. The Port operates and grants credit to customers across the country. The Port conducts ongoing credit evaluation of customers to limit the Port's credit risk to a minimal level. Accounts receivable derived from storage and shipping operations are not collateralized. Historically, the Port has not incurred any significant credit related losses.

## NOTE 2 – CASH, OTHER DEPOSITS, AND INVESTMENTS

The collateral for public entity 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.

The carrying amount of the Port's total deposits with financial institutions at September 30, 2018, was \$160,811, and the bank balance was \$213,663, the difference being primarily attributable to items in transit at year end.

## NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance 10/01/17	Additions	Deletions	Balance 09/30/18
Capital assets not being depreciated:				
Land	\$ 40,697	\$ -	\$ -	\$ 40,697
Construction in Progress	-	15,000	-	15,000
Total assets not being depreciated	40,697	15,000	-	55,697
Other capital assets:				
Buildings	5,948,163	-	-	5,948,163
Bulk loading facility	4,098,442	-	-	4,098,442
Equipment	4,753,393	-	-	4,753,393
Office furniture and equipment	18,131	-	-	18,131
Vehicles	28,010	-	-	28,010
Total other capital assets	14,846,139	-	-	14,846,139
Less accumulated depreciation for:				
Buildings	2,769,950	146,659	-	2,916,609
Bulk loading facility	2,090,522	164,228	-	2,254,750
Equipment	2,506,086	220,305	-	2,726,391
Office furniture and equipment	15,487	813	-	16,300
Vehicles	28,010	-	-	28,010
Total accumulated depreciation	7,410,055	532,005	-	7,942,060
Other capital assets, net	7,436,084	532,005	-	6,904,079
Proprietary fund capital assets, net	\$ 7,476,781	\$ 517,005	\$ -	\$ 6,959,776

### NOTE 3 – CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense of \$532,005 was charged to the proprietary fund for the year ended September 30, 2018.

### NOTE 4 – COMMITMENTS AND CONTINGENCIES

As discussed in Note 5 with respect to the Mississippi Development Bank special obligation bonds, the Port has a commitment to repay the bonds if revenues are available. In years where revenues are unavailable, Adams County, Mississippi (the County) repays the bonds. The Port then has the liability to repay the County. In the year ended September 30, 2018, the Port transferred \$50,000 to the County to assist in defraying the principal and interest payments on these bonds. Adams County, Mississippi reports a corresponding receivable.

In January 2011, a special meeting was called by the Adams County Board of Supervisors during which the Board of Supervisors entered into a Memorandum of Understanding agreeing to issue Bonds in the amount of Four Million Five Hundred Thousand (\$4,500,000) Dollars for improvements to the Adams County Port, which are necessary to serve Corporation X-Project Renew. This resulted in an adopted resolution confirming the Port Commission's commitment of One Million Five Hundred Thousand (\$1,500,000) Dollars for the aforementioned Project Renew for improvements at the Adams County Port.

### NOTE 5 – LONG-TERM DEBT

On November 1, 1997, Adams County entered into a loan agreement with Mississippi Development Bank for the issuance of special obligation bonds to benefit the Port. The total amount received was \$3,000,000. The debt is to be repaid with revenues of the Port Commission, provided funds are available; therefore, a loan payable, maturing November 2017, to Adams County has been recorded. The loan is unsecured.

	<u>2,087,000</u>
	2,087,000
	<u>(2,087,000)</u>
Less current portion	
	<u>\$ -</u>

Long-term debt liability activity for the year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>10/1/17</u>	<u>Reductions</u>	<u>Additions</u>	<u>Balance</u> <u>9/30/18</u>
Note payable	\$ 4,500	\$ 4,500	\$ -	\$ -
Loans payable	\$ 2,137,000	\$ 50,000	\$ -	\$ 2,087,000

## NOTE 6 – DEFINED BENEFIT PENSION PLAN

### Plan Description

The Commission contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi, 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

### Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the Commission is required to contribute at an actuarially-determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Commission's contributions to PERS for the years ended September 30, 2018, 2017 and 2016, were \$127,176, \$114,574 and \$111,745, respectively, equal to the required contributions for each year.

### **Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to PERS**

At September 30, 2017, the Commission reported a liability of \$2,095,754 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2018, and the total PERS pension liability used to calculate the PERS net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the PERS net pension liability was based on a projection of the Commission's long-term share of contributions to the PERS pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Commission's proportion was 0.012561 percent, which was a decrease of 0.001665 percent from its proportion measured as of June 30, 2016.

For the year ended September 30, 2018, the Commission recognized pension expense related to PERS of \$205,025. At September 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual results	\$	10,394	(486)
Changes in assumptions		1,217	1,744
Net difference between projected and actual earnings on Plan		107,176	28,274
Changes in proportion and differences between Commission contributions and proportionate share of contributions		64,230	22,367
Commission contributions subsequent to the measurement date		<u>53,729</u>	<u>-</u>
Total	\$	<u>236,746</u>	<u>51,899</u>

The \$53,729 of deferred outflows of resources resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

## Deferred Outflows/(Deferred Inflow) Aging:

### Year ended September

2019	\$	76,117
2020		64,426
2021		(9,425)
2022		<u>-</u>
	\$	<u>131,118</u>

*Actuarial Assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of Plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four year period ending June 30, 2016. As a result of the experience report which is dated April 18, 2017, the Board of Trustees adopted changes in assumptions for PERS since the last Measurement Date.

## NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2022 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

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
US Broad	27.00%	4.60 %
International Equity	18.00%	4.50 %
Emerging Markets Equity	4.00%	4.75 %
Global	12.00%	4.75 %
Fixed Income	18.00%	0.75 %
Real Assets	10.00%	3.50 %
Private Equity	8.00%	5.10 %
Emerging Debt	2.00%	2.25 %
Cash	1.00%	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%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.



## NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net pension liability of PERS based on the June 30, 2017, actuarial valuations, calculated using the discount rate of 7.75 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	<u>Commission's Proportionate Share of Net Pension Liability</u>
1.00% decrease (6.75%)	\$ 2,759,507
Current discount rate (7.75%)	2,095,754
1.00% increase (8.75%)	1,544,088

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

## NOTE 7 – ADAMS COUNTY ASSETS, LIABILITIES, AND FUND BALANCE RELATED TO PORT

The Port was established by Adams County, Mississippi in the late 1950s to utilize the natural assets of the County and enhance industrial growth and employment opportunities. The County has supported the Port over the years through bond issues, tax levies, and EDA grants administered by the County. All of these monies were received, disbursed, and accounted for in the records of Adams County, Mississippi maintained by the Chancery Clerk of the County. See the audit of Adams County, Mississippi for disclosure of these items.

## NOTE 8 – RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port carries commercial insurance for these risks. There were no claims resulting from these insured risks in the current fiscal year.

#### NOTE 9 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2019 the Port Commission underwent an audit by PERS. The results of that audit indicated two employees that had been enrolled despite not meeting the criteria for membership, and two employees that were not enrolled when they were eligible. PERS calculated an assessment for the unenrolled employees and a refund due the Port Commission for the employees included in error. A net assessment due was the result of their adjustments. Because the employees in question had employment spanning multiple years a portion of the additional expense was reported as a prior period adjustment of \$7,799 for years 2014 to 2017. The portion applicable to 2018 was adjusted in the current year and is reflected in the current year operations and year end liabilities.

## REQUIRED SUPPLEMENTARY INFORMATION

**ADAMS COUNTY, MISSISSIPPI**  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>REVENUES</b>				
Property taxes	\$ 12,174,835	12,467,998	12,108,643	(359,355)
Licenses, commissions and other revenue	411,700	490,862	485,751	(5,111)
Fines and forfeitures	215,000	200,491	200,492	1
Special assessments	1,250	1,222	1,223	1
Intergovernmental revenues	2,602,471	2,015,462	1,927,773	(87,689)
Charges for services	475,000	461,235	461,235	0
Interest income	25,000	37,589	37,590	1
Miscellaneous revenues	136,607	176,160	151,926	(24,234)
Total Revenues	<u>16,041,863</u>	<u>15,851,019</u>	<u>15,374,633</u>	<u>(476,386)</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,557,447	6,851,675	6,816,033	35,642
Public safety	6,034,224	6,270,355	6,162,009	108,346
Health and welfare	395,511	382,081	382,081	(0)
Culture and recreation	434,000	1,036,290	1,036,291	(1)
Education	398,623	624,476	624,476	(0)
Conservation of natural resources	1,276,095	371,080	371,081	(1)
Economic development and assistance	264,390	257,890	257,890	-
Debt service:				
Principal	1,142,608	1,144,608	1,212,832	(68,224)
Interest	-	-	74,442	(74,442)
Bond issue costs	-	-	2,000	(2,000)
Total Expenditures	<u>16,502,898</u>	<u>16,938,455</u>	<u>16,939,135</u>	<u>(680)</u>
Excess of Revenues over (under) Expenditures	<u>(461,035)</u>	<u>(1,087,436)</u>	<u>(1,564,502)</u>	<u>(477,066)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(609,120)	-	(3,622,581)	(3,622,581)
Transfers in	464,400	-	5,372,089	5,372,089
Proceeds from long-term debt	-	-	180,969	180,969
Proceeds from sale of capital assets	-	-	23,849	23,849
Compensation for loss of capital assets	-	-	32,437	32,437
Other financing sources	-	5,606,200	-	(5,606,200)
Other financing uses	-	(3,904,989)	-	3,904,989
Total Other Financing Sources (Uses)	<u>(144,720)</u>	<u>1,701,211</u>	<u>1,986,763</u>	<u>285,552</u>
Net Change in Fund Balance	<u>(605,755)</u>	<u>613,775</u>	<u>422,261</u>	<u>(191,514)</u>
Fund Balances - Beginning	<u>1,257,326</u>	<u>(1)</u>	<u>2,172,985</u>	<u>2,172,986</u>
Fund Balances - Ending	<u>\$ 651,571</u>	<u>613,774</u>	<u>2,595,246</u>	<u>1,981,472</u>

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

**ADAMS COUNTY, MISSISSIPPI**

## Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years\*

For the Year Ended September 30, 2018

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.129373%	0.118675%	0.113702%	0.117751%	0.113753%
County's proportionate share of the net pension liability (asset)	\$ 21,518,573	19,727,813	20,310,016	18,201,828	13,807,531
County's covered payroll	\$ 8,330,952	8,582,533	7,587,328	7,377,765	7,391,308
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258.30%	229.86%	267.68%	246.71%	186.81%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	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 Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**ADAMS COUNTY, MISSISSIPPI**  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,312,126	1,226,581	1,195,004	1,161,998	1,088,398
Contributions in relation to the contractually required contribution	<u>1,312,126</u>	<u>1,226,581</u>	<u>1,195,004</u>	<u>1,161,998</u>	<u>1,088,398</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 8,330,959	7,787,816	7,587,327	7,377,765	6,910,463
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

## **Adams County, Mississippi**

Notes to the Required Supplementary Information  
For the year ended September 30, 2018

### Budgetary Comparison Schedule

#### A. Budgetary Information.

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

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

#### B. Basis of Presentation.

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

## Adams County, Mississippi

### Notes to the Required Supplementary Information For the Year Ended September 30, 2018

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

<u>Governmental Funds</u>	
	General Fund
Budget (Cash Basis)	\$ 422,261
Increase (Decrease)	
Net adjustments for revenue accruals	(1,592,087)
Net adjustments for expenditure accruals	21,233
Other adjustments, differences in fines receivable criteria adjustment	<u>1,659,219</u>
GAAP Basis	<u>\$ 510,626</u>

#### Pension Schedules

##### A. Change of Assumptions

###### 2015

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

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

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

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

The price inflation and investment rate of return assumptions were changed from 3.5% to 3% and 8% to 7.75%, respectively.

###### 2016

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



## Adams County, Mississippi

### Notes to the Required Supplementary Information For the Year Ended September 30, 2018

#### 2017

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

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

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

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

#### B. Change of Benefit Provisions

#### 2016:

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 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

**Component Unit**  
**Adams County Airport Commission**

**REQUIRED SUPPLEMENTARY INFORMATION**

ADAMS COUNTY AIRPORT COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS - PERS  
LAST 10 FISCAL YEARS \*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Commission's proportionate share of the collective net pension liability	*	*	*	*	*	*	\$ 477,498	\$ 460,144	\$ 460,144	\$ 440,608
Commission's proportion of the collective net pension liability	*	*	*	*	*	*	0.003089%	0.002557%	0.002606%	0.002649%
Commission's covered employee payroll	*	*	*	*	*	*	\$ 186,470	\$ 154,886	\$ 156,959	\$ 153,913
Commission's proportionate share of the collective net pension liability as a percentage of the Commission's covered payroll	*	*	*	*	*	*	256.07%	297.09%	293.16%	286.27%
PERS' fiduciary net position as a percentage of the total pension liability	*	*	*	*	*	*	61.70%	57.47%	61.49%	62.54%

\* Information is unavailable for years prior to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

ADAMS COUNTY AIRPORT COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PERS  
LAST 10 FISCAL YEARS \*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined employee contribution	*	*	*	*	*	*	\$ 29,369	\$ 24,395	\$ 24,721	\$ 24,241
Contributions in relation to the actuarially determined contributions	*	*	*	*	*	*	29,369	24,395	24,721	24,241
Annual contribution deficiency (excess)	*	*	*	*	*	*	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll	*	*	*	*	*	*	\$ 186,470	\$ 154,886	\$ 156,959	\$ 153,913
Actual contributions as a percentage of covered-employer payroll	*	*	*	*	*	*	15.75%	15.75%	15.75%	15.75%

\* Information is unavailable for years prior to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

**Component Unit**  
**Natchez-Adams County Port Commission**

**REQUIRED SUPPLEMENTARY INFORMATION**

**NATCHEZ-ADAMS COUNTY PORT COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS - PERS**  
**LAST 10 FISCAL YEARS \***

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Commission's proportionate share of the collective net pension liability	*	*	*	*	*	*	\$ 1,851,253	\$ 2,027,215	\$ 1,811,949	\$ 2,095,754
Commission's proportion of the collective net pension liability	*	*	*	*	*	*	0.011976%	0.011349%	0.010896%	0.012561%
Commission's covered employee payroll	*	*	*	*	*	*	\$ 764,800	\$ 707,779	\$ 727,328	\$ 807,466
Commission's proportionate share of the collective net pension liability as a percentage of the Commission's covered payroll	*	*	*	*	*	*	242.06%	286.42%	249.12%	259.55%
PERS' fiduciary net position as a percentage of the total pension liability	*	*	*	*	*	*	61.70%	57.47%	61.49%	62.54%

\* Information is unavailable for years to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

**NATCHEZ-ADAMS COUNTY PORT COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - PERS**  
**LAST 10 FISCAL YEARS \***

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined employee contribution	*	*	*	*	*	*	\$ 120,456	\$ 111,745	\$ 114,574	\$ 56,087
Contributions in relation to the actuarially determined contributions	*	*	*	*	*	*	120,456	111,745	114,574	56,087
Annual contribution deficiency (excess)	*	*	*	*	*	*	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll	*	*	*	*	*	*	\$ 764,800	\$ 707,779	\$ 727,328	\$ 807,466
Actual contributions as a percentage of covered-employer payroll	*	*	*	*	*	*	15.75%	15.79%	15.75%	6.95%

\* Information is unavailable for years to the Commission's implementation of GASB 68 in fiscal year 2015. The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

## SUPPLEMENTARY INFORMATION



**ADAMS COUNTY, MISSISSIPPI**  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through USDA, Natural Resources Conservation Service Emergency Watershed Protection Program	10.923	68-4423-16-258	\$ 166,694
Total Passed-through USDA, Natural Resources Conservation Service			<u>166,694</u>
Passed-through Mississippi State Treasury Schools and Roads-Grants to States	10.665	N/A	<u>104,342</u>
Total Passed-through Mississippi State Treasury			<u>104,342</u>
<b>Total U. S. Department of Agriculture</b>			<u>271,036</u>
<b><u>U. S. Department of Justice</u></b>			
Passed-through MS Dept of Public Safety Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0874	46,092
Crime Victim Assistance	16.575	2017-VA-GX-4038	41,909
Crime Victim Assistance	16.575	2018-VA-GX-4038	112,558
Total Passed-through Mississippi Department of Public Safety			<u>200,559</u>
<b>Total U.S. Department of Justice</b>			<u>200,559</u>
<b><u>U.S. Department of Transportation</u></b>			
Passed-through MS Dept of Transportation Highway Planning and Construction	20.205	N/A	<u>11,130</u>
Total Passed-through MS Dept of Transportation			<u>11,130</u>
<b>Total U.S. Department of Transportation</b>			<u>11,130</u>
<b><u>Delta Regional Authority</u></b>			
Passed-through Southwest Mississippi Planning and Development Delta Area Economic Development*	90.201	MS50309	672,989
Delta Area Economic Development*	90.201	MS50664	84,632
<b>Total Delta Regional Authority</b>			<u>757,621</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through MS Dept of Human Services Temporary Assistance for Needy Families	93.558	3100024524	4,630
Temporary Assistance for Needy Families	93.558	6007655	191,653
<b>Total U.S. Department of Health and Human Services</b>			<u>196,283</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed-through Mississippi Emergency Management Authority Emergency Management Performance Grants	97.042	EMA-2017-EP-00005	28,311
Total Passed-through Mississippi Emergency Management Authority			<u>28,311</u>
<b>Total U.S. Department of Homeland Security</b>			<u>28,311</u>
Total Expenditures of Federal Awards			\$ <u>1,464,940</u>

\* Denotes major federal award program

**NOTES TO THIS SCHEDULE**

This Schedule includes the federal grant activity of Adams County and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - The County did not elect to use the 10% de minimis indirect cost rate.

Note C - The agency or pass-through number was not available for the remaining CFDA numbers.

**ADAMS COUNTY, MISSISSIPPI**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**SEPTEMBER 30, 2018**

	Adams County Airport Commission	Natchez-Adams County Port Commission	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 431,816	\$ 160,811	\$ 592,627
Accounts receivable	12,787	375,626	388,413
Receivable from other governments	-	15,000	15,000
Inventories	50,595	-	50,595
Prepaid expenses	2,101	7,747	9,848
Capital assets, net	5,492,456	6,959,776	12,452,232
Intangible assets	95,094	-	95,094
Total assets	<u>\$ 6,084,849</u>	<u>\$ 7,518,960</u>	<u>\$ 13,603,809</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources	<u>\$ 72,993</u>	<u>\$ 236,746</u>	<u>\$ 309,739</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	\$ 45,816	\$ 122,292	\$ 168,108
Bank overdraft	-	29,570	29,570
Long-term liabilities due within one year:			
Capital debt	3,930	2,087,000	2,090,930
Long-term liabilities due in more than one year:			
Capital debt	4,026	-	4,026
Net pension liability	440,608	2,095,754	2,536,362
Total liabilities	<u>494,380</u>	<u>4,334,616</u>	<u>4,828,996</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources	<u>\$ 71,365</u>	<u>\$ 51,899</u>	<u>\$ 123,264</u>
<b>NET POSITION:</b>			
Net investment in capital assets	5,484,500	4,872,776	10,357,276
Unrestricted	107,597	(1,503,585)	(1,395,988)
Total net position	<u>\$ 5,592,097</u>	<u>\$ 3,369,191</u>	<u>\$ 8,961,288</u>

**ADAMS COUNTY, MISSISSIPPI**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**SEPTEMBER 30, 2018**

	Adams County Airport Commission	Natchez-Adams County Port Commission	Total
<b>EXPENSES:</b>			
Governmental activities:			
Cost of operations	\$ 1,045,854	\$ 2,695,804	\$ 3,741,658
Interest and other charges	290	-	290
Total expenses	<u>1,046,144</u>	<u>2,695,804</u>	<u>3,741,948</u>
<b>PROGRAM REVENUES:</b>			
Charges for services	510,639	2,217,286	2,727,925
Rent and commissions	64,442	-	64,442
Total program revenues	<u>575,081</u>	<u>2,217,286</u>	<u>2,792,367</u>
<b>NET (EXPENSE) REVENUE</b>	(471,063)	(478,518)	(949,581)
<b>GENERAL REVENUES:</b>			
Contributions from Adams County	220,000	15,000	235,000
Investment earnings	131	225	356
Miscellaneous	43,728	5,175	48,903
Total general revenues	<u>263,859</u>	<u>20,400</u>	<u>284,259</u>
Change in net position	(207,204)	(458,118)	(665,322)
Net position - beginning, as reported	5,799,301	3,835,108	9,634,409
Prior period adjustment	-	(7,799)	(7,799)
Net position - beginning as restated	<u>5,799,301</u>	<u>3,827,309</u>	<u>9,626,610</u>
Net position - ending	<u>\$ 5,592,097</u>	<u>\$ 3,369,191</u>	<u>\$ 8,961,288</u>

## OTHER INFORMATION

**ADAMS COUNTY, MISSISSIPPI**

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2018

UNAUDITED

Name	Position	Company	Bond Amount
Mike Lazarus	Supervisor District 1	Brierfield	\$ 100,000
David Carter	Supervisor District 2	Brierfield	\$ 100,000
Angela Hutchins	Supervisor District 3	Brierfield	\$ 100,000
Ricky Gray	Supervisor District 4	C N A Surety	\$ 100,000
Calvin Butler	Supervisor District 5	Brierfield	\$ 100,000
Joe Murray	County Administrator	Brierfield	\$ 100,000
Brandi Lewis	Chancery Clerk	Brierfield	\$ 100,000
Frances Bell	Purchase Clerk	Western Surety	\$ 75,000
Kristie Sewell	Assistant Purchase Clerk	C N A Surety	\$ 50,000
Claudia White	Receiving Clerk	Western Surety	\$ 75,000
Marilyn Washington	Assistant Receiving Clerk	Western Surety	\$ 50,000
William Neely	Assistant Receiving Clerk	RLI Surety	\$ 50,000
James Wells	Assistant Receiving Clerk	Western Surety	\$ 50,000
Angie Isaac King	Assistant Receiving Clerk	Western Surety	\$ 50,000
John Michael Collier	Assistant Receiving Clerk	Western Surety	\$ 50,000
Clarise Martin	Assistant Receiving Clerk	Western Surety	\$ 50,000
Sammy Gaines	Assistant Receiving Clerk	Western Surety	\$ 50,000
Johnny Williams	Assistant Receiving Clerk	Western Surety	\$ 50,000
Jerry Buckles	Assistant Receiving Clerk	Western Surety	\$ 50,000
Louis Banks	Assistant Receiving Clerk	Western Surety	\$ 50,000
Michael Chatman	Assistant Receiving Clerk	Western Surety	\$ 50,000
Shelia D. Jackson	Assistant Receiving Clerk	RLI Surety	\$ 50,000
Mary Kay Doherty	Assistant Receiving Clerk	Brierfield	\$ 50,000
Corvet McNeal	Inventory Control Clerk	Western Surety	\$ 75,000
Chasity Martin	Assistant Inventory Control Clerk	Western Surety	\$ 50,000
Robert Joseph Dollar	Road Manager	Western Surety	\$ 50,000
Willie B. Jones	Constable - Northern District	C N A Surety	\$ 50,000
Adam Kirk	Constable - Southern District	Brierfield	\$ 50,000
Eddie Walker	Circuit Clerk	Brierfield	\$ 100,000
Martha Dianne White	Deputy Circuit Clerk	Western Surety	\$ 100,000
Eva Givens	Deputy Circuit Clerk	Western Surety	\$ 100,000
Dianne B. Goodman	Deputy Circuit Clerk	Brierfield	\$ 100,000
Marilyn Jackson	Deputy Circuit Clerk	C N A Surety	\$ 100,000
Travis Patten	Sheriff	C N A Surety	\$ 100,000
Cindy Aldridge	Sheriff - Administrative Assistant	C N A Surety	\$ 50,000
Eileen Mary Maher	Justice Court Judge	Western Surety	\$ 50,000
Patricia Dunmore	Justice Court Judge	Brierfield	\$ 50,000
Audrey Bailey	Justice Court Clerk	Western Surety	\$ 50,000
Vera Johnson	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Andrea Ford	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Patrick Harris	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Peter T. Burns, Jr.	Tax Collector	Brierfield	\$ 100,000
Clifford Paige Dearing	Deputy Tax Collector	Western Surety	\$ 50,000
Linda Golden	Deputy Tax Collector	Brierfield	\$ 50,000
Pamela Goldman	Deputy Tax Collector	Brierfield	\$ 50,000
LaKeysha Green	Deputy Tax Collector	Brierfield	\$ 50,000
Pat Williams	Deputy Tax Collector	Western Surety	\$ 50,000
Shirley Emery	Deputy Tax Collector	Western Surety	\$ 50,000
Reynolds Atkins	Tax Assessor	Brierfield	\$ 50,000
Mary Helen Flowers	Deputy Tax Assessor	Brierfield	\$ 10,000
Michael Pace	Deputy Tax Assessor	Western Surety	\$ 10,000
Myra Myers	Deputy Tax Assessor	Western Surety	\$ 10,000

## SPECIAL REPORTS

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Adams 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 Adams County, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 26, 2020. Our report includes a reference to other auditors who audited the financial statements of Adams County Airport Commission and Natchez-Adams County Port Commission, as described in our report on the Adams County, Mississippi financial statements. This report does not include the results of the auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The report is qualified on the Governmental Activities and the General Fund because the Tax Collector did not reconcile their bank statements nor match up to the booked cash.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Adams County'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 Adams 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2018-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Adams 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

### **Adams County's Response to Finding**

Adams County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Adams County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard PC  
October 26, 2020

Certified Public Accountants



**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Supervisors  
Adams County, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited Adams County, Mississippi's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Adams County's major federal program for the year ended September 30, 2018. Adams County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Adams County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adams County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Adams County, Mississippi's compliance.

## Opinion on the Major Federal Program

In our opinion, Adams County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

## Report on Internal Control Over Compliance

Management of Adams County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Adams County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adams County, Mississippi's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
October 26, 2020

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Adams County, Mississippi

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

#### Section I: Summary of Auditor's Results

##### Financial Statements:

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

Governmental activities	Qualified
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Qualified
County Wide Bond and Interest Sinking Fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal Service Fund	Unmodified
2. Internal control over financial reporting:
  - a. Material weakness identified? Yes.
  - b. Significant deficiency identified? None reported.
3. Noncompliance material to financial statements noted? Yes.

##### Federal Awards:

4. Internal control over major federal programs:
  - a. Material weakness identified? No.
  - b. Significant deficiency identified? None reported.
5. Type of auditor's report issued on compliance for major federal programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major federal program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
90.201	Delta Area Economic Development
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? No.

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes.

## Section II: Financial Statement Findings

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

### **Material Weaknesses and Noncompliance**

#### **Finding 2018-001**

##### Criteria:

An effective system of internal control in the Tax Collector's Office consists of timely reconciliation of bank statements and ensuring reconciled cash is sufficient for settlement of outstanding collections to the proper entities in which collections were made.

##### Condition:

The Tax Collector did not reconcile bank statements in a timely manner. Furthermore, reconciled cash was not compared with booked cash to ensure cash accounted for is sufficient to settle in full to entities in which collections are made.

##### Cause:

Reconciling of bank statements was not performed in a timely manner the month after activity was performed.

##### Effect:

The failure to reconcile bank statements in a timely manner makes it difficult to determine if cash on hand is sufficient to fully settle to entities such as 1) the County, 2) the City of Natchez and 3) Natchez-Adams Public Schools for collections made in the previous month. The auditor chose to not include cash on the audited financial statements due to the stated cash being unsubstantiated. Due to the audit area of cash not including Tax Collector cash as of September 30, 2018 in the financial statements, this will result in a modified audit opinion for opinion units such as 1) General Fund and 2) Governmental Activities. The failure to have an adequate system of internal controls over cash in the Tax Collector's Office could result in the loss or misappropriation of public funds.

##### Recommendation:

Efforts are needed to reconcile the bank statements and ensure cash available is sufficient for settlement to entities in which collections are made.

##### View of Responsible Officials:

The office of the Tax Collector has been re-trained on the importance and procedure regarding monthly reconciliation and said reconciliations shall be timely completed.

### Section III: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

# BOARD OF SUPERVISORS ADAMS COUNTY

*Wes Middleton, DIST. 1*  
*Kevin Wilson, DIST. 2*  
*Angela G. Hutchins, DIST. 3*  
*James "Rickey" Gray, DIST. 4*  
*Warren Gaines, DIST. 5*

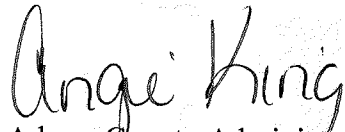
*314 State Street*  
*Natchez, Mississippi 39120*  
*Phone: 601-442-2431*  
*Fax: 601-304-8088*

## SUMMARY OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG), the Adams County Board of Supervisors has prepared and hereby submits the following summary of prior year audit findings follow up as of September 30, 2018:

<u>Finding</u>	<u>Status</u>
2017-001	Corrected

Angie King



Adams County Administrator



**BOARD OF SUPERVISORS  
ADAMS COUNTY**

*Wes Middleton, DIST. 1  
Kevin Wilson, DIST. 2  
Angela G. Hutchins, DIST. 3  
James "Ricky" Gray, DIST. 4  
Warren Gaines, DIST. 5*

*314 State Street  
Natchez, Mississippi 39120  
Phone: (601) 442-2431  
Fax: (601) 304-8088*

**Re: Corrective Action Plan Adams County Board of Supervisors**

**CORRECTIVE ACTION PLAN 2018-001:**

Peter Burns, the former Tax Collector, has his term in office expire at the end of 2019. The other than unmodified opinion units noted in the Schedule of Findings and Questioned Costs will remain for the next fiscal year audited. The issues remarked upon in his response noted below are the current responsibility of newly-elected Tax Collector, Rose Patterson.

**Response of Peter Burns, former Tax Collector: N/A**

**Response of County Administrator:**

The office of the Tax Collector has been re-trained on the importance and procedure regarding monthly reconciliation and said reconciliations shall be timely completed.

**ANTICIPATED DATE OF COMPLETION FOR CORRECTIVE ACTION: September 30, 2020**

By implementing these corrective actions, the Adams County Board of Supervisors will ensure that there is a more accurate and compliant representation of its finances.

**NAME OF PERSON(S) RESPONSIBLE FOR CORRECTIVE ACTION:**

Rose Patterson, Tax Collector of Adams County, Mississippi 601-442-8601

*Angie King*

**Angie King Adams County Administrator**