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

Fortenberry & Ballard, PC
Certified Public Accountants

Claiborne County Location in Mississippi



Claiborne County was established on January 27, 1802 from Jefferson County. The County was named in honor of William C. Claiborne, first governor of Louisiana and second governor of the Mississippi Territory. The County seat is located in Port Gibson. The bordering Counties are: Warren, Hinds, Copiah, Jefferson and Tensas Parish (Louisiana - west). According to the 2010 census, the population was 9,604.

Claiborne County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Claiborne County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Claiborne 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 basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Road Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate remaining fund information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of Claiborne County, Mississippi, as of September 30, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Claiborne County, Mississippi, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the

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

Omission of Required Supplementary Information

Claiborne County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Claiborne County, Mississippi'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 is presented for purposes of additional analysis and is 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, on our consideration of the Claiborne 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 the Claiborne County'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 Claiborne County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
January 25, 2021

Certified Public Accountants

FINANCIAL STATEMENTS

CLAIBORNE COUNTY, MISSISSIPPI

Statement of Net Position

September 30, 2018

Exhibit 1

	Primary Government
	Governmental Activities
ASSETS	
Cash	\$ 3,902,333
Property tax receivable	3,481,320
Fines receivable (net of allowance for uncollectibles of \$156,667)	281,308
Loans receivable (net of allowance for uncollectibles of \$125,000)	1,195,411
Intergovernmental receivables	159,906
Other receivables	1,021
Capital assets:	
Land and construction in progress	1,074,556
Other capital assets, net	17,781,097
Total Assets	<u>27,876,952</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to refunding	251,004
Deferred outflows related to pensions	985,129
Total Deferred Outflows of Resources	<u>1,236,133</u>
LIABILITIES	
Claims payable	379,911
Intergovernmental payables	62,666
Accrued interest payable	92,377
Amounts held in custody for others	62,048
Long-term liabilities	
Due within one year:	
Capital debt	856,815
Non-capital debt	348,015
Due in more than one year:	
Capital debt	6,988,014
Non-capital debt	1,871,078
Net pension liability	8,569,640
Total Liabilities	<u>19,230,564</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	833,343
Deferred revenues - property taxes	3,481,320
Total deferred inflows of resources	<u>4,314,663</u>
NET POSITION	
Net investment in capital assets	11,261,828
Restricted for:	
Expendable:	
Public safety	245,451
Public works	179,385
Culture and recreation	4,956
Economic development and assistance	569,499
Debt service	1,473,080
Unrestricted	(8,166,341)
Total Net Position	<u>\$ 5,567,858</u>

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

CLAIBORNE 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	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 6,120,211	227,437	195,970		(5,696,804)
Public safety	2,655,062	119,785	1,041,954		(1,493,323)
Public works	2,324,860	18,362	1,050,017	841,838	(414,643)
Health and welfare	646,403		14,305		(632,098)
Culture and recreation	333,564	27,126	102,486		(203,952)
Conservation of natural resources	42,129				(42,129)
Economic development and assistance	288,519				(288,519)
Interest on long-term debt	178,008				(178,008)
Pension expense	992,704				(992,704)
Total Governmental Activities	<u>13,581,460</u>	<u>392,710</u>	<u>2,404,732</u>	<u>841,838</u>	<u>(9,942,180)</u>
General revenues:					
Property taxes				\$ 4,617,972	
Road & bridge privilege taxes				112,052	
Grants and contributions not restricted to specific programs				4,570,594	
Unrestricted interest income				14,514	
Miscellaneous				<u>1,027,989</u>	
Total General Revenues				<u>10,343,121</u>	
Changes in Net Position					<u>400,941</u>
Net Position - Beginning					<u>5,166,917</u>
Net Position - Ending				\$	<u><u>5,567,858</u></u>

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

CLAIBORNE COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2018

Exhibit 3

	Major Funds				
	General Fund	Road Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,125,781	37,617	1,626,221	1,112,714	3,902,333
Property tax receivable	1,814,583	157,197	555,625	953,915	3,481,320
Fines receivable (net of allowance for uncollectibles of \$156,667)	281,308				281,308
Loans receivable (net of allowance of \$125,000)	405,411			790,000	1,195,411
Intergovernmental receivables	159,906				159,906
Other receivables	1,021				1,021
Due from other funds		9,511	14,643	12,511	36,665
Advances to other funds	1,406,790	74,278	13,543		1,494,611
Total Assets	<u>5,194,800</u>	<u>278,603</u>	<u>2,210,032</u>	<u>2,869,140</u>	<u>10,552,575</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Claims payable	297,960	12,621		69,330	379,911
Intergovernmental payables	62,666				62,666
Due to other funds	36,665				36,665
Advances from other funds	42,267	1,289,426	100,000	45,554	1,477,247
Amounts held in custody for others	62,048				62,048
Total Liabilities	<u>501,606</u>	<u>1,302,047</u>	<u>100,000</u>	<u>114,884</u>	<u>2,018,537</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,814,583	157,197	555,625	953,915	3,481,320
Unavailable revenue - fines	281,308				281,308
Total deferred inflows of resources	<u>2,095,891</u>	<u>157,197</u>	<u>555,625</u>	<u>953,915</u>	<u>3,762,628</u>
Fund balances:					
Nonspendable:					
Advances	1,406,790				1,406,790
Loans receivable	405,411			790,000	1,195,411
Restricted for:					
Public safety				245,451	245,451
Public works				179,385	179,385
Culture and recreation				4,956	4,956
Economic development and assistance				569,499	569,499
Debt service			1,554,407	11,050	1,565,457
Unassigned	785,102	(1,180,641)			(395,539)
Total Fund Balances	<u>2,597,303</u>	<u>(1,180,641)</u>	<u>1,554,407</u>	<u>1,800,341</u>	<u>4,771,410</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>5,194,800</u>	<u>278,603</u>	<u>2,210,032</u>	<u>2,869,140</u>	<u>10,552,575</u>

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

CLAIBORNE COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

Total Fund Balance - Governmental Funds	\$ 4,771,410
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 \$10,756,998.	18,855,653
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	281,308
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,063,922)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(92,377)
Deferred amount on refunding	251,004
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	985,129
Deferred inflows of resources related to pensions	(833,343)
Net pension liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(8,569,640)
Advances made in prior periods from/to funds for other than governmental activities are not available to pay in current period and, therefore, are not reported in the funds.	<u>(17,364)</u>
Total Net Position - Governmental Activities	\$ <u>5,567,858</u>

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

CLAIBORNE COUNTY, MISSISSIPPIExhibit 4

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

For the Year Ended September 30, 2018

	Major Funds			Other	Total
	General	Road	Debt	Governmental	Governmental
	Fund	Fund	Service	Funds	Funds
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 2,131,103	169,275	1,246,263	1,071,331	4,617,972
Road and bridge privilege taxes		112,052			112,052
Licenses, commissions and other revenue	202,140			2,731	204,871
Fines and forfeitures	47,101				47,101
Intergovernmental revenues	5,887,449	511,908		1,417,807	7,817,164
Charges for services	38,793	1,748		100,197	140,738
Interest income	5,732	149	5,116	3,517	14,514
Miscellaneous revenues	207,524	1,250	4,287	45,803	258,864
Total Revenues	8,519,842	796,382	1,255,666	2,641,386	13,213,276
EXPENDITURES					
Current:					
General government	6,244,055				6,244,055
Public safety	2,601,695			144,211	2,745,906
Public works	22,743	873,545		1,754,504	2,650,792
Health and welfare	643,488				643,488
Culture and recreation	333,703				333,703
Conservation of natural resources	42,129				42,129
Economic development and assistance	137,052			181,948	319,000
Debt service:					
Principal	6,362	69,528	533,000	343,477	952,367
Interest and fiscal agent fees	1,944	12,296	79,513	90,589	184,342
Bond issuance costs	144,257				144,257
Total Expenditures	10,177,428	955,369	612,513	2,514,729	14,260,039
Excess of Revenues over (under) Expenditures	(1,657,586)	(158,987)	643,153	126,657	(1,046,763)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	41,058	13,651			54,709
Compensation for loss of capital assets	426,719				426,719
Refunding bonds issued	5,142,000				5,142,000
Premium on bonds sold	369,998				369,998
Payment to refunding bonds escrow agent	(5,367,740)				(5,367,740)
Other financing sources	300,000				300,000
Total Other Financing Sources and Uses	912,035	13,651	0	0	925,686
Net Changes in Fund Balances	(745,551)	(145,336)	643,153	126,657	(121,077)
Fund Balances - Beginning	3,342,854	(1,035,305)	911,254	1,673,684	4,892,487
Fund Balances - Ending	\$ 2,597,303	(1,180,641)	1,554,407	1,800,341	4,771,410

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

CLAIBORNE COUNTY, MISSISSIPPIExhibit 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

Net Changes in Fund Balances - Governmental Funds \$ (121,077)

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
\$938,456 exceeded depreciation of \$904,484. 33,972

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 assets sold. (24,534)

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. 24,478

Debt proceeds provide current financial resources to Governmental Funds, but issuing
debt increases long-term liabilities in the Statement of Net Position. Repayment of debt
principal is an expenditure in the Governmental Funds, but the repayment reduces long-
term liabilities in the Statement of Net Position. Thus, the change in net position differs
from the change in fund balances by the amount that debt premium proceeds of \$369,998
did not exceed debt repayments of \$952,367 less net effect of refunding \$371,234. 953,603

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 (992,704)
Recording of contributions made during the year 520,357

Some items reported in the Statement of Activities do not provide or require the use of
current financial resources and therefore, are not reported as revenue/expenditures in
governmental funds. These activities include:

Change in accrued interest payable 17,328
Change in compensated absences (10,482)

Change in Net Position of Governmental Activities \$ 400,941

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 131,564
Total Assets	\$ <u>131,564</u>
LIABILITIES	
Amounts held in custody for others	\$ 56,076
Intergovernmental payables	58,124
Advances from other funds	17,364
Total Liabilities	\$ <u>131,564</u>

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

Claiborne County, Mississippi

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

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Claiborne 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 Claiborne County, Mississippi to present these financial statements on the primary government and its component units which have significant operational or financial relationships to the County.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationship with the County. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Claiborne County Medical Center

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/Collector
- Sheriff

B. Individual Component Unit Disclosure

Blended Component Unit

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, this component unit is reported as if it were part of the primary government. The following component unit's balances and transactions are blended with the balances and transaction of the primary government.

- Claiborne County Port Commission was formed, as authorized by Code

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

Section 59-7-103, to maintain, develop and regulate harbor related improvements.

C. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements:

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

Claiborne County, Mississippi

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

D. Measurement Focus and Basis of Accounting

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic 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.

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

The County reports the following major Governmental Funds:

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

Road Fund - This fund is to account for monies from specific revenue sources that are restricted for road maintenance.

Debt Service 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 used 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

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications

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

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.

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major infrastructure assets retroactively. Claiborne County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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.

Deferred amount on 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 inflows 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 16 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.

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 16 for additional details.

K. Pensions

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

L. Long-term Liabilities

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

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

Claiborne County, Mississippi

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

expenditures.

M. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

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, or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts 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

Claiborne County, Mississippi

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

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.

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.

Claiborne 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 expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated Absences

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

(2) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$3,902,333 in the governmental funds and \$131,564 in the fiduciary funds. The bank balance was \$4,323,225. 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

Claiborne County, Mississippi

Notes to the Financial Statements

For the Year Ended September 30, 2018

have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transactions and Balances

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Road Fund	General Fund	\$ 9,511
Debt Service Fund	General Fund	14,643
Other Governmental Funds	General Fund	12,511
Total		<u>\$ 36,665</u>

The receivables represent advalorem revenue collected September 2018 and settled the following month. Interfund loan to special account from General Fund.

B. Advances To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Road Fund	\$ 1,289,426
General Fund	Debt Service Fund	100,000
General Fund	Fiduciary Funds	17,364
Debt Service Fund	Other Governmental Funds	13,543
Road Fund	General Fund	42,267
Road Fund	Other Governmental Funds	32,011
Total		<u>\$ 1,494,611</u>

Amounts payable to general fund are loans to other funds to be repaid. Amounts payable to all other Funds are prior period posting errors to wrong fund.

Claiborne County, Mississippi

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

(4) Intergovernmental Receivables

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

Governmental Activities:

Description	Amount
Legislative Tax Credit	\$ 41,845
Recreational Trails Program	101,555
VOCA Grant	16,506
Total	<u>\$ 159,906</u>

(5) Loans Receivable

At September 30, 2018, loan receivable balances consisted of:

Description	Date of Inception	Interest Rate	Maturity Date	Amount
Hospital Loan	07-06-01	0%	N/A	\$ 60,000
Hospital Loan	07-11-01	0%	N/A	65,000
Port Gibson Apartments, LLC	03-13-01	various	09-50	410,000
Pattison Apartment Homes, LLC	07-02-03	1%	07-53	380,000
Hospital Loan	03-09-04	0%	N/A	76,666
Hospital Loan	09-14-12	0%	N/A	28,745
Hospital Loan	09-28-12	0%	N/A	105,000
Hospital Loan	10-12-12	0%	N/A	95,000
Hospital Loan	11-27-12	0%	N/A	100,000
Sub-total				<u>\$ 1,320,411</u>
Less: Allowance for Doubtful Accounts				<u>(125,000)</u>
Total				<u>\$ 1,195,411</u>

Claiborne County, Mississippi

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

(6) Capital Assets

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

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Balance Sept. 30, 2018
Non-depreciable capital assets:				
Land	\$ 1,074,556			1,074,556
Total non-depreciable capital assets	1,074,556	0	0	1,074,556
Depreciable capital assets:				
Infrastructure	11,707,955	782,600		12,490,555
Buildings	9,498,536	29,500		9,528,036
Improvements other than buildings	1,761,787			1,761,787
Mobile equipment	3,520,776	81,937	225,973	3,376,740
Furniture and equipment	645,624	44,419		690,043
Property under capital leases	690,934			690,934
Total depreciable capital assets	27,825,612	938,456	225,973	28,538,095
Less accumulated depreciation for:				
Infrastructure	1,550,907	351,282		1,902,189
Buildings	4,357,759	226,185		4,583,944
Improvements other than buildings	748,559	70,476		819,035
Mobile equipment	2,681,183	123,942	201,439	2,603,686
Furniture and equipment	544,981	34,286		579,267
Property under capital leases	170,564	98,313		268,877
Total accumulated depreciation	10,053,953	904,484	201,439	10,756,998
Total depreciable capital assets, net	17,771,659	33,972	24,534	17,781,097
Governmental activities capital assets, net	\$ 18,846,215	33,972	24,534	18,855,653

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

Depreciation expense was charged to the functions as follows:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 163,732
Public safety	142,814
Public works	579,518
Health and welfare	2,915
Culture and recreation	15,505
Total depreciation expense	<u>\$ 904,484</u>

(7) 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.

(8) Capital Leases

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 690,934
Less: Accumulated depreciation	<u>(268,877)</u>
Leased property under capital leases	<u>\$ 422,057</u>

Claiborne 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,	Capital Leases	
	Principal	Interest
2019	\$ 338,815	10,528
2020	28,656	5,286
2021	205,590	409
Total	\$ 573,061	16,223

(9) Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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 years ending September 30, 2018, 2017 and 2016 were \$520,357, \$494,813 and \$514,285, 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 \$8,569,640 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's proportionate share used to calculate the September 30, 2018 net pension liability was 0.051522 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.002741 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 \$992,704. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Claiborne 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	\$ 36,888	34,203
Net difference between projected and actual earnings on pension plan investments		159,114
Change of assumptions	4,787	4,623
Changes in proportion and differences between County contributions and proportionate share of contributions	808,948	635,403
County contributions subsequent to the measurement date	134,506	
Total	\$ 985,129	833,343

\$134,506 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	\$ 83,085
2020	61,690
2021	(88,957)
2022	(38,538)
Total	\$ 17,280

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:

Claiborne 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%	

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 11,283,756	\$ 8,569,640	\$ 6,313,850

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

Claiborne County, Mississippi

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

(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:			
GOB - 2016	\$ 2,035,000	2.00%	10/2025
GOB - 2018-A	3,313,000	3.70%	07/2032
GOB - 2018-B	1,566,000	3.80%	07/2024
	<u>\$ 6,914,000</u>		
B. Capital Leases:			
Caterpillar 930M front end loader	\$ 131,048	1.70%	09/2019
Caterpillar D5K2 dozer	103,639	1.70%	09/2019
Caterpillar 420F2 backhoe	76,148	1.70%	09/2019
(2) 2018 Mack GU713 dump trucks	262,226	2.39%	10/2020
Total Capital Leases	<u>\$ 573,061</u>		
C. Other Loans:			
Water pollution control revolving loan	\$ 105,912	1.75%	03/2033
Medical center loan	1,457,764	5.00%	02/2024
General obligation note	448,759	4.15%	09/2022
Total Other Loans	<u>\$ 2,012,435</u>		

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$136,431 loan from the Mississippi Department of Environmental Quality's Water Pollution Control Revolving loan Program issued in 2013. Proceeds from the loan provided financing for Hermanville wastewater improvements. The loan is payable through 2033. Annual principal and interest payments on the loan are expected to require less than 50 percent of the homestead exemption reimbursements. The total principal and interest remaining to be paid on the bonds is \$120,433. Principal and interest paid for the current year were \$8,306.

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

Claiborne County, Mississippi

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2019	\$ 518,000	222,789	348,015	94,356
2020	533,000	208,060	364,475	77,897
2021	547,000	192,851	381,589	60,783
2022	560,000	177,200	399,796	42,576
2023	574,000	161,145	294,676	23,630
2024 - 2028	2,423,000	554,482	188,099	12,614
2029 - 2033	1,759,000	165,390	35,785	1,590
Total	\$ 6,914,000	1,681,917	2,012,435	313,446

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 by 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 9.85% of the latest property assessments.

Advance Refunding

On May 8, 2018, the County issued \$5,142,000 in general obligation refunding bonds with an interest rate of 3.70% to 3.80% to advance refund \$5,250,000 of the following outstanding bond issues:

Issue	Average Interest Rate	Outstanding Amount Refunded
Limited Obligation Bonds, Series 2007-A	4.50%	\$3,320,000
Limited Obligation Bonds, Series 2007-B	5.65% - 5.90%	1,930,000
Total		<u>\$5,250,000</u>

The Limited Obligation Building Bonds, Series 2007-A and Series 2007-B, had an outstanding balance of \$5,250,000 at the time of refunding. The net proceeds of \$5,142,000 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

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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 fourteen years by \$593,810 and resulted in an economic gain of \$391,626 (difference between the present values of the debt service payments of the old and new debt).

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2018, \$2,260,000 of bonds outstanding were considered defeased.

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	Refunding	Balance Sept. 30, 2018	Amount due within one year
<u>Governmental Activities:</u>						
General obligation bonds	\$ 2,305,000		533,000	5,142,000	6,914,000	518,000
Premiums		369,998	12,230		357,768	
Limited obligation bonds	5,250,000			(5,250,000)	0	
Capital leases	642,589		69,528		573,061	338,815
Other loans	2,362,274		349,839		2,012,435	348,015
Compensated absences	196,176	10,482			206,658	
Total	\$ <u>10,756,039</u>	<u>380,480</u>	<u>964,597</u>	<u>(108,000)</u>	<u>10,063,922</u>	<u>1,204,830</u>

Compensated absences will be paid from the funds from which the employees' salaries were paid which are the General Fund, Road 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
Road Fund	\$ 1,180,641

Claiborne County, Mississippi

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

(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 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.

(13) Joint Ventures

The County participates in the following joint ventures:

Claiborne County is a participant with the City of Port Gibson in a joint venture, authorized by Mississippi's non profit corporate statutes, to operate the Harriette Person Memorial Library. The joint venture is governed by a nine-member board of trustees. By contractual agreement, the County's appropriation to the joint venture was \$50,000 in fiscal year 2018. Complete financial statements for the Harriette Person Memorial Library can be obtained from P.O. Box 1017, Port Gibson, MS 39150.

(14) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Hinds Community College (the College) operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Claiborne County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$334,680 for the maintenance and support of the College 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 Claiborne County Board of Supervisors appoints 1 of the 10 members of the board of commissioners. The County appropriated \$18,162 for its support for the fiscal year 2018.

Southwest Mississippi Planning and Development District (the District) operates in a district comprised of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson,

Claiborne County, Mississippi

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

Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Claiborne County Board of Supervisors appoints 4 of the 40 members of the board of directors. The County appropriated \$9,600 for its support in fiscal year 2018.

(15) Pollution Remediation Obligations

The County has identified specific County-owned properties where it is either known or reasonably believed that the site contains certain pollutants. The site has been reported to a State regulatory agency as having a current or reportable incident, thus voluntarily obligating the County for certain remediation activities. In addition, the County entered into an administrative agreement with a State agency to voluntarily assess the site. The related liability cannot be estimated at this time. Obligations pertain to soil or ground water contamination, primarily from storage of underground fuel tanks at the site. County staff has voluntarily worked with appropriate State regulators to assess the environmental impact and the state will be monitoring the site quarterly. Should further activities become necessary cost estimates would then be developed.

In addition, the County estimates that any cost associated with this process will be recovered from grant funds; therefore, potentially reducing any pollution liabilities to the County since this project is a part of the Port Connector Road project.

(16) Effect of Deferred Amount on Net Position

The governmental activities' unrestricted net position amount of (\$8,166,341) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$134,506 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. The \$850,623 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years.

The governmental activities' net investment in capital assets net position of \$11,261,828 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$251,004 balance of deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 14 years.

The governmental activities' unrestricted net position amount of (\$8,166,341) includes the effect of deferred inflows of resources related to pensions. The \$833,343 balance of the deferred inflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years.

Claiborne County, Mississippi

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

(17) 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 Claiborne 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 that require disclosure in the notes to the financial statements.

The County issued the following debt obligation:

Issue Date	Interest Rate	Issue Amount	Type of Financing
11-08-19	3.45%	\$ 198,370	Lease Purchase
11-08-19	3.45%	148,018	Lease Purchase
11-08-19	3.45%	287,780	Lease Purchase
11-08-19	3.45%	118,975	Lease Purchase

REQUIRED SUPPLEMENTARY INFORMATION

CLAIBORNE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 2,098,272	\$ 2,138,798	\$ 2,138,798	\$ -
Road and bridge privilege tax	15,600	15,600	15,600	-
Licenses, commissions and other revenue	218,611	216,437	216,437	-
Fines and forfeitures	17,500	17,500	17,500	-
Intergovernmental revenues	8,683,012	8,723,098	8,723,098	-
Charges for services	12,000	12,000	12,000	-
Interest income		1,988	1,988	-
Miscellaneous revenues	32,150	32,548	32,548	-
Total Revenues	<u>11,077,145</u>	<u>11,157,969</u>	<u>11,157,969</u>	<u>-</u>
Expenditures by Major Budgetary Function				
General government	7,040,520	9,129,538	9,129,538	-
Public safety	2,606,388	2,558,378	2,558,378	-
Public works		22,743	22,743	-
Health and welfare	1,001,957	1,144,956	1,144,956	-
Culture and recreation	274,550	329,367	329,367	-
Conservation of natural resources	50,172	41,349	41,349	-
Economic development and assistance	103,558	136,005	136,005	-
Total Expenditures	<u>11,077,145</u>	<u>13,362,336</u>	<u>13,362,336</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(2,204,367)</u>	<u>(2,204,367)</u>	<u>-</u>
Other Financing Sources (Uses)				
Other financing sources		726,719	726,719	-
Other financing uses				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>726,719</u>	<u>726,719</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>(1,477,648)</u>	<u>(1,477,648)</u>	<u>-</u>
Fund Balances - Beginning		3,737,483	1,751,057	(1,986,426)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 2,259,835</u>	<u>\$ 273,409</u>	<u>\$ (1,986,426)</u>

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

CLAIBORNE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Road Fund

For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 369,654	\$ 170,935	\$ 170,935	\$ -
Road and bridge privilege tax	158,410	207,894	207,894	-
Licenses, commissions and other revenues	21,000	2,949	2,949	-
Intergovernmental revenues	474,912	401,152	401,152	-
Charges for Services	400	1,748	1,748	-
Interest income		149	149	-
Miscellaneous revenues		14,901	14,901	-
Total Revenues	<u>1,024,376</u>	<u>799,728</u>	<u>799,728</u>	<u>-</u>
Expenditures by Major Budgetary Function				
Public works	<u>1,024,376</u>	<u>963,418</u>	<u>963,418</u>	<u>-</u>
Total Expenditures	<u>1,024,376</u>	<u>963,418</u>	<u>963,418</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>(163,690)</u>	<u>(163,690)</u>	<u>-</u>
Fund Balances - Beginning	<u></u>	<u>189,343</u>	<u>189,343</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 25,653</u>	<u>\$ 25,653</u>	<u>\$ -</u>

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

Claiborne County, Mississippi

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

PERS

Last 10 Fiscal Years*

	2018	2017	2016	2015
County's proportionate share of the net pension liability	\$ 8,569,640	8,109,058	8,989,838	8,181,779
County's proportion of the net pension liability	0.051522%	0.048781%	0.050328%	0.052929%
County's covered payroll	3,303,854	3,129,352	3,265,302	3,305,010
County's proportionate share of the net pension liability as a percentage of its covered payroll	259.38%	259.13%	275.31%	247.56%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

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

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

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

Claiborne County, Mississippi
Schedule of the County's Contributions
PERS
Last 10 Fiscal Years

	2018	2017	2016	2015
Contractually required contribution	\$ 520,357	494,813	514,285	520,539
Contributions in relation to the contractually required contribution	520,357	494,813	514,285	520,539
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	3,303,854	3,141,670	3,265,302	3,305,010
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

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

Claiborne County, Mississippi

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

1. Budgets

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 / 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 and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

Claiborne 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 and each major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ (1,477,648)	(163,690)
Increase (Decrease)		
Net adjustments for revenue accruals	(70,023)	(1,660)
Net adjustments for expenditure accruals	(143,436)	20,014
Other reconciling items	945,556	
GAAP Basis	<u>\$ (745,551)</u>	<u>(145,336)</u>

2. Pension Schedules

A. Changes of assumptions

2015

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

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

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

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

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

2016

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

Claiborne 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 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation 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 in benefit provisions.

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

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

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

SUPPLEMENTARY INFORMATION

CLAIBORNE 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	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Emergency Watershed Protection Program	10.923	N / A	\$ 82,500
Total U.S. Department of Agriculture			82,500
<u>U. S. Department of Justice</u>			
Passed through the MS Department of Public Safety			
Crime Victim Assistance/Discretionary Grants	16.582	16VA1111	31,928
Crime Victim Assistance/Discretionary Grants	16.582	17VA1111	75,700
Total passed through the MS Department of Public Safety			107,628
Total U.S. Department of Justice			107,628
<u>U. S. Department of Transportation - Federal Highway Administration</u>			
Passed through the MS Department of Transportation			
Highway Planning and Construction	20.205	N / A	19,190
Highway Planning and Construction	20.205	STP-1303-3 B	25,919
Recreational Trails Program	20.219	17-RTP-0292	101,935
Total passed through the MS Department of Transportation			147,044
Total U.S. Department of Transportation-Federal Highway Administration			147,044
<u>U.S. Department of Health & Human Services</u>			
Direct Program:			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)*	93.224	N / A	1,517,292
Total U.S. Department of Health & Human Services			1,517,292
<u>U. S. Department of Homeland Security</u>			
Passed through the MS Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)*	97.036	4314-DR-MS	789,418
Hazard Mitigation Grant	97.039	41017	66,750
Emergency Management Performance Grants	97.042	N / A	13,940
Total passed through the MS Emergency Management Agency			870,108
Total U.S. Department of Homeland Security			870,108
Total Expenditures of Federal Awards			\$ 2,724,572

* Denotes major federal award program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

Note B - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

Of the federal expenditures presented in the schedule, under the CFDA # 93.224, the County provided federal awards totaling \$1,517,292 to subrecipients during the year ended September 30, 2018.

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

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

OTHER INFORMATION

CLAIBORNE COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2018

UNAUDITED

Name	Position	Company	Bond
Marie Clark	Supervisor District 1	Western Surety	\$100,000
Kenneth R. Davis	Supervisor District 2	Western Surety	\$100,000
Lonnie O'Quinn	Supervisor District 3	Western Surety	\$100,000
Ronald Shoulders	Supervisor District 4	Western Surety	\$100,000
Daniel Porter	Supervisor District 5	Western Surety	\$100,000
Brenda Buck	County Administrator	Western Surety	\$100,000
Kenneth Ross	County Administrator	Western Surety	\$100,000
Gloria Dotson	Chancery Clerk	Western Surety	\$100,000
Avis King	Purchase Clerk	Western Surety	\$75,000
Henry Johnson	Receiving Clerk	Western Surety	\$75,000
Gloria Dotson	Inventory Control Clerk	Western Surety	\$75,000
George White, Jr.	Road Manager	Western Surety	\$50,000
David Flowers, Jr.	Constable	Western Surety	\$50,000
Roosevelt Dotson, Sr.	Constable	Western Surety	\$50,000
Sammie Good	Circuit Clerk	Western Surety	\$100,000
Frank Davis	Sheriff	Western Surety	\$100,000
Frederick Yarbrough	Deputy Sheriff*	Western Surety	\$50,000
Carl Fleming	Deputy Sheriff*	Western Surety	\$50,000
Berthurn Allen	Deputy Sheriff*	Western Surety	\$50,000
Dwayne Thomas	Deputy Sheriff*	Western Surety	\$50,000
James Jefferson	Deputy Sheriff*	Western Surety	\$50,000
Justin R. Rankin	Deputy Sheriff*	Western Surety	\$50,000
Jerland Curry, Jr.	Deputy Sheriff*	Western Surety	\$50,000
Bobby Ray Claiborne	Deputy Sheriff*	Western Surety	\$50,000
Edward Bradley, Jr.	Deputy Sheriff*	Western Surety	\$50,000
Xavier T. Young	Deputy Sheriff*	Western Surety	\$50,000
Anthony Walker	Deputy Sheriff*	Western Surety	\$50,000
Mitchell Hoskins	Deputy Sheriff*	Western Surety	\$50,000
Nickita Banks	Justice Court Judge	Western Surety	\$50,000
Mary Curry	Justice Court Judge	Western Surety	\$50,000
Armetrice Ward	Justice Court Clerk	Western Surety	\$50,000
Viola Moore	Deputy Justice Court Clerk	Western Surety	\$50,000
Benjamin Robinson	Deputy Justice Court Clerk	Western Surety	\$50,000
Jocelyn Dee	Deputy Justice Court Clerk	Western Surety	\$50,000
Diane T. Davaul	Tax Collector-Assessor	Western Surety	\$100,000

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

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
Claiborne 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, each major fund, and the aggregate remaining fund information of Claiborne 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 January 25, 2021. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
January 25, 2021

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Claiborne County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Claiborne 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 Claiborne County, Mississippi's major federal programs for the year ended September 30, 2018. Claiborne County, Mississippi's major federal programs are 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 each of Claiborne County, Mississippi's major federal programs 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 Claiborne County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Claiborne 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 each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of Claiborne 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 Claiborne 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 Claiborne 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
January 25, 2021

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Claiborne County, Mississippi

We have examined Claiborne County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Claiborne County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Claiborne County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
January 25, 2021

Certified Public Accountants

Claiborne County, Mississippi
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2018

Schedule 1

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

Claiborne County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

Our test results did not identify any emergency purchases.

Claiborne County, Mississippi

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Claiborne County, Mississippi

In planning and performing our audit of the financial statements of Claiborne County, Mississippi for the year ended September 30, 2018, we considered Claiborne County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Claiborne County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 25, 2021, on the financial statements of Claiborne County, Mississippi.

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

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Board of Supervisors.

2018-001 Emergency meetings of the Board of Supervisors should be called for authorized purposes only.

Repeat Finding Yes

Criteria

Section 19-3-19(3), Mississippi Code Annotated (1972), states that emergency meetings of the Board of Supervisors may be called in cases of an emergency arising as a result of serious damage to county property, or to roads or bridges, or emergencies arising as a result of epidemic conditions or weather conditions. Written notice shall be given of such meetings that states the time of the meeting and distinctly specify the subject matters of business to be acted upon.

Condition

Two emergency meetings were held by the Board in fiscal year 2018. Both meetings mentioned items not within the purview of an emergency meeting as described in the code section.

Cause

The Board called emergency meetings for purposes other than those authorized by state law.

Effect

The Board violate state law and the actions taken at the meetings for which the notice did not distinctly identify the subject matter could be considered null and void.

Recommendation

The Board should ensure that emergency meetings are called only for an authorized purpose and notice for emergency meetings include specific subject matter for the meeting.

Official Response

The County shall state the particular code section in meetings going forward and be specific.

2018-002 Meal logs for feeding the prisoners should be approved monthly by the Board of Supervisors

Repeat Finding Yes

Criteria

Section 19-25-74, Miss. Code Ann. (1972), states that meal logs of the Sheriff's Office are required to be filed monthly and presented to the Board of Supervisors for approval. The statute also states that no claims for the cost or expenses of feeding prisoners shall be approved by the Board of Supervisors for any month unless and until such log for that month is filed.

Condition

The jail meal logs are not listed within the minutes as being approved by the Board of Supervisors. There is no approval for any month during fiscal year 2018.

Cause

The meal logs are not presented at each board meeting for approval.

Effect

This could result in the payment for meals not received and places the County in violation of state law.

Recommendation

The Sheriff should file the meal log each month with the Board of Supervisors. The Board of Supervisors should not approve claims for feeding prisoners until the monthly log has been received from the Sheriff.

Official Response

The Sheriff's Office does file monthly jail meal logs with the Chancery Clerk's Office. The deficiency lies in the fact the Sheriff does not present the log to the Board of Supervisors for approval prior to the approval of the monthly docket. This will be corrected starting with the Board's first monthly meeting on November 5, 2018.

2018-003 Bond should be obtained for County Surveyor in accordance with state law.

Repeat Finding Yes

Criteria

Section 19-27-1, Mississippi Code Annotated (1972), requires the County Surveyor to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officials, in a penalty not less than \$50,000.

Condition

The County Surveyor has not obtained the required bond.

Cause

The County had no controls in place to ensure the County Surveyor was bonded as required.

Effect

Failure of the County Surveyor to provide the required bond could result in the loss of public funds.

Recommendation

A surety bond in the amount of \$50,000 should be obtained immediately for the County Surveyor.

Official Response

It was an oversight that the County Surveyor was not bonded. This oversight has been corrected and he is currently bonded for \$50,000. The employees listed in the Finding above filed a surety bond effective November 1, 2018.

2018-004 Bonds should be obtained for Port Commissioners in accordance with state law.

Repeat Finding Yes

Criteria

Section 59-7-125(1), Miss. Code Ann. (1972), requires each Port Commissioner to give bond, to be approved by the Board of Supervisors, in the sum of five thousand dollars (\$5,000), conditioned upon the faithful performance of their duties.

Condition

None of the Port Commissioners have executed the required bond.

Cause

The County has no controls in place to ensure the Port Commissioners were bonded as required.

Effect

Failure to execute the required bonds could result in the loss of public funds.

Recommendation

Each Port Commissioner should obtain bonds as required by state law.

Official Response

All six (6) of the appointed members of the Port Commission have been bonded for \$5,000 each. The employees listed in the Finding above filed a surety bond effective November 1, 2018.

2018-005 The Board of Supervisors should enter executive session for authorized purposes only. Executive session minutes should not be a matter of public record.

Repeat Finding Yes

Criteria

Section 25-41-7(4), Miss. Code Ann. (1972), specifies fourteen (14) reasons why a public body may hold an executive session. Included is the following reason:

- a. “Cases of extraordinary emergency which would pose immediate or irrevocable harm or damage to persons or property, or both, within the jurisdiction of the public body.”

Condition

The Board of Supervisors entered into executive session numerous times during fiscal year 2018. While these executive sessions had topics applicable to the code section listed, there were instances where unauthorized topics were discussed. Personnel decisions including hiring, pay rates and personnel transfers were documented in the Board minutes along with the County’s financial condition. Spreading these matters on the minutes made the executive sessions a part of the public record.

Cause

The Board discussed unauthorized matters in executive session.

Effect

The County is in violation of the Open Meetings Act and also made the details of legitimate executive session discussions available.

Recommendation

The Board of Supervisors should ensure that only authorized discussions occur in executive session and that the details of these discussions remain private.

Official Response

The County shall state the particular code session in meetings going forward and be specific. This finding was written for the Board of Supervisors whose term ended December 31, 2019. Five new Board members took office in 2020 with a new Board Attorney.

2018-006 Each member of the Board of Supervisors should inspect County roads and bridges as required by state statute.

Repeat Finding Yes

Criteria

Section 65-7-117, Miss. Code Ann. (1972), requires each member of the Board of Supervisors to inspect every road and bridge in the county under the jurisdiction of the county not less than once each fiscal year. Each member is also required to file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected with recommendations for a four-year plan for construction and major maintenance of such roads and bridges.

Condition

The annual road inspection was conducted by the Office of State Aid Road Construction, the County Engineer and the County Road Manager.

Cause

No controls were in place to ensure total compliance with the above-referenced statute.

Effect

The delegation of the Board's responsibility to inspect county roads resulted in a violation of state statute.

Recommendation

The members of the Board of Supervisors should perform the annual inspections of roads and

bridges and file the required report in the future.

Official Response

The members of the Board of Supervisors do inspect the roads and bridges of the County on at least an annual basis generally along with the County Engineer, the Road Manager and the State Aid Engineer in mid-December. Their recommendations are incorporated in the report issued by the County Engineer. The statutory deficiency lies in the fact that the Board members have not been filing their recommendations separately with the Clerk of the Board under oath. This practice will be adjusted accordingly in fiscal year 2019. This finding was written for the Board of Supervisors whose term ended December 31, 2019. No documentation was presented to the Clerk of the Board of Supervisors.

2018-007 Travel expenses paid with the County credit card should be approved, accounted for, and reported as required by state law.

Repeat Finding Yes

Criteria

Section 19-3-68, Miss. Code Ann. (1972), states, “The supervisors and county employees shall furnish receipts for the use such of credit cards each month to the Chancery Clerk or Purchase Clerk who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket.”

Condition

Itemized reports were not presented monthly to the Board of Supervisors. Credit card transactions were noted where no Board approval was obtained. Also, several instances were noted where travel receipts were turned in for reimbursement where the reason(s) for travel were not specified nor received specific Board approval.

Cause

No controls were in place to ensure credit card transactions were approved, accounted for, and reported as required.

Effect

Failure of credit card users to turn in receipts to the Chancery Clerk or Purchase Clerk and the Clerks' failure to submit the required monthly written report resulted in the payment of unauthorized expenses.

Recommendation

The Board of Supervisors should implement procedures to ensure that all credit card receipts are furnished to the Chancery Clerk or Purchase Clerk as required. The Board should also ensure the required monthly report of credit card charges is submitted prior to approving payment of the claim.

Official Response

I, the Purchase Clerk/Director, furnished all receipts for the use of the credit card monthly to the Chancery Clerk along with an itemized list of all expenditures and use of the credit card. Effective October 7, 2019, the credit card usage for travel expenses are approved explicitly by the Board of Supervisors.

Chancery Clerk.

2018-008 Salaries of Chancery Clerk employees should be paid by the Chancery Clerk.

Repeat Finding Yes

Criteria

Section 9-5-133, Miss. Code Ann. (1972), states, “The Clerk of the Chancery Court shall have power, with the approbation of the court, or of the judge in vacation, to appoint one or more deputies, who shall take the oath of office, and who thereupon shall have power to do and perform all the acts and duties of which their principal may lawfully do.” Section 9-1-43 states that the deputy clerks are employees of the Chancery Clerk. All salaries are to be paid by the Chancery Clerk.

Condition

Per the Office of the State Auditor in reviewing the Chancery Clerk’s Annual Financial Report for 2017, they became aware that only \$3,300 was recorded for employee wages. The Chancery Clerk had three (3) deputies who assist in the office. It was determined the Chancery Clerk should reimburse the County \$118,529 for the deputy clerks deemed to be employees of the Chancery Clerk based on oaths, job duties and job titles.

Cause

Chancery Clerk was not aware she should pay the employee salaries.

Effect

Payment of these salaries and related expenses by the County resulted in an illegal diversion of public funds and an unauthorized interest-free loan from the County to the Chancery Clerk.

Recommendation

The Chancery Clerk should reimburse the County \$118,529 for three (3) deputies employed.

Official Response

I disagree with the position that the Chancery Clerk should reimburse the County \$118,529 for the following reasons:

1. The Honorable Circuit Court Judge administered the Oath of Office for Claiborne County elected officials and employees in the Claiborne County Circuit Courtroom on December 30, 2015.
2. Claiborne County Chancery Clerk's office is a small office servicing a small county which does not have a lot of Chancery Court matters or land transfers. Therefore, the Board of Supervisors hired the employees to carry out their administrative and fiscal responsibilities. These deputies have been continually employed, one prior to my becoming the Chancery Clerk and two subsequent. Attached is a copy of the Board minutes where the Board of Supervisors approved the prior Chancery Clerk Frank Wilson's request to employ Deputy Clerk I in the Chancery Clerk's office on October 6, 1997. The Board of Supervisors employed Deputy Clerk II on February 9, 2000, shortly after my first election. The minutes provide that the Supervisors ordered the hiring of Deputy Clerk I in the Chancery Clerk's office and the Board resolved to approve the appointment of Renee Terrell as Accounts Payable Clerk on November 1, 2005. In addition to the Board minutes, attached is a description of their duties:
 - a. Deputy Clerk I is paid \$500 monthly to process pleadings, etc. relevant to Youth Court matters. The Administrative Office of Courts (AOC) reimburses Claiborne County for the wages and expenses relevant to the Youth Court Support Grant.
 - b. Deputy Clerk II is paid \$200 monthly for preparing Board minute indexes and executive session minutes, numbering pages, copying attachments, etc. and putting the minutes in the appropriate binders.

Thank you for your cooperation in this matter. If additional information is needed for a favorable response to this matter, please do not hesitate in contacting me.

On March 6, 2020, the Chancery Clerk made payment to the Office of the State Auditor \$110,302.04.

2018-009 Chancery Clerk should submit the Justice Court Clerk's report of collections to the Board of Supervisors per statute.

Repeat Finding Yes

Criteria

Section 9-11-19(1), Miss. Code Ann. (1972), requires the Justice Court Clerk to report monthly in writing all fees, costs, fines and penalties charged and collected in the Justice Court to the Clerk of the Board of Supervisors who shall upon receipt submit such report to the Board of Supervisors.

Condition

Although the amounts collected were reported to the Clerk of the Board as required, the reports were not submitted to the Board of Supervisors.

Cause

Monthly collection reports were not submitted to the Board of Supervisors by the Chancery Clerk.

Effect

The Board of Supervisors was not informed of the monthly Justice Court collections.+

Recommendation

The Chancery Clerk should implement procedures to ensure the Justice Court Clerk's collection report is submitted monthly to the Board of Supervisors.

Official Response

I will comply and present the Justice Court Clerk's report to the Board pursuant to Section 9-11-19(1). The Chancery Clerk shall present the Justice Court Report of Collections to the Board of Supervisors monthly.

2018-010 Chancery Clerk should keep and preserve a complete and correct record of all proceedings and orders of the Board of Supervisors.

Repeat Finding Yes

Criteria

Section 19-3-27, Miss. Code Ann. (1972), requires the Clerk of the Board of Supervisors to keep and preserve a complete and correct record of all the proceedings and orders of the Board.

Condition

No information to identify claims approved by the Board is documented in the minutes.

Cause

The Chancery Clerk failed to maintain a complete and detailed record of Board actions.

Effect

The lack of complete and correct Board minutes makes Board actions taken undeterminable and increases likelihood of unlawful acts and the loss or misappropriation of public funds.

Recommendation

The Chancery Clerk should implement procedures to ensure that board minutes are complete.

Official Response

All claims will be presented to the Board of Supervisors for approval.

2018-011 All claims presented to the Chancery Clerk for payment should be disposed of in the manner authorized by state law.

Repeat Finding Yes

Criteria

Section 19-13-31(1), Miss. Code Ann. (1972), requires the claims docket to be called at each regular meeting of the Board. All claims then on file, not previously rejected or allowed, shall be passed upon in the order in which they are entered upon the docket. The Board is also required to enter an order on its minutes approving the demands and accounts allowed, but it shall only be necessary to refer to such demands and accounts by the numbers as they appear on the claims docket.

Condition

Instances were noted throughout various meetings of claims being approved that were not presented to the Board of Supervisors for approval. No information to identify the claims approved by the Board were recorded in the Board minutes.

Cause

A lack of oversight was noted to ensure all claims were approved by the Board of Supervisors and were adequately documented in the Board minutes.

Effect

Failure of the Chancery Clerk to submit all claims were approved by the Board of Supervisors and were adequately documented in the Board minutes.

Recommendation

The Chancery Clerk should ensure that all claims are submitted to the Board for approval prior to payment and that the claims approved by the Board are adequately identified in the minutes.

Official Response

All claims will be presented to the Board of Supervisors for approval.

Circuit Clerk.

2018-012 Bond should be obtained for Deputy Circuit Clerks in accordance with state law.

Repeat Finding Yes

Criteria

Section 9-7-123(2), Miss. Code Ann. (1972), requires each Deputy Clerk of the Circuit Court, before entering upon the duties of the appointment, to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty of not less than \$50,000 nor more than \$100,000.

Condition

All four (4) deputy Circuit Clerks employed by the County were not properly bonded as statutorily required.

Cause

The County has no controls in place to ensure the Deputy Circuit Clerks were bonded as required.

Effect

Failure to execute the required bonds could result in the loss of public funds.

Recommendation

Each Deputy Circuit Clerk should obtain bonds as required by state law.

Official Response

The County has an umbrella policy with Travelers Insurance covering the County against employee theft up to \$100,000. The County had not realized the policy excluded individual employees who already were required to be individually bonded. All of the deputy clerks in the Circuit Clerk's office have been bonded for \$50,000 each effective November 1, 2018.

Sheriff.

2018-013 Internal controls over the safeguarding of cash and the recording of cash transactions should be strengthened.

Repeat Finding Yes

Criteria

An effective system of internal control over the safeguarding, collection, recording, and disbursement of cash should include:

1. Adequate measures to safeguard cash collected until deposit of funds
2. An accounting for all receipt numbers and,
3. Maintenance of an accurate cash journal and reconciliation of the cash journal to the reconciled bank statement.

Condition

The following deficiencies were noted in the Sheriff's Office's regarding controls over the handling of cash:

- a. Cash payments received after office hours are kept in unsecure jailer lockers until they can be delivered to the Sheriff's secretary.
- b. Two (2) different receipt books are used concurrently by the Sheriff's secretary and the jail personnel.
- c. The cash journal was not reconciled to the bank statement each month.

Cause

The Sheriff's Office does not have a safe or drop box for the safekeeping of cash received after hours. Adequate controls were not in place to ensure the accuracy of the cash journal.

Effect

Inaccurate information may be reported and the possibility of the loss or misappropriation of public funds increases.

Recommendation

Payments received after hours should be kept in a locked drop box or safe with only the Sheriff and/or a designee having access to the safe. Measures should be implemented ensuring all receipt numbers are accounted for and the cash journal is reconciled to the reconciled bank statement in a timely manner.

Official Response

We have never been advised of any problems with the process of money collection before, but a requisition for a drop safe box will be completed.

The purpose of two different receipt books is that the secretary writes many receipts and so do the jail officers.

When the State began this procedure with the receipts and cash journals in approximately 1986, we were informed to balance the cash journal and show where a check was written to the County Treasury at the bottom of the cash journal. We receive our bank statements after the first of the month and when we reconcile the statement, this check is listed as outstanding on the statement.

To safeguard cash, a drop box was purchased to safeguard cash received in the Sheriff's Office. When cash is received, the cash and receipt(s) are put into the locked drop box. The Secretary/Bookkeeper has access to the locked drop box.

2018-014 The jail meal log should be maintained in statutory compliance and payments received for feeding prisoners should be deposited into the County's General Fund.

Repeat Finding Yes

Criteria

Section 19-25-74, Miss Code Ann (1972), requires the Sheriff to file the log of meals served to prisoners at the jail monthly with the Board of Supervisors. The statute also states that no claims for the cost or expenses of feeding prisoners shall be approved by the Board of Supervisors for any month unless and until such log for that month is filed.

Condition

The prisoner meal log is not filed monthly with the Board of Supervisors as required. Additionally, the related claims for feeding prisoners were paid without the log being filed as required. Payments for feeding the prisoners are going to the Sheriff's Office instead of going to the General Fund as statutorily required.

Cause

Controls were not in place to ensure meal logs were spread across the Board minutes and that payments received are deposited into the General Fund.

Effect

This could result in the payment for meals not being received and places the County in violation of state law. When payments for feeding the prisoners go to the Sheriff's Office instead of the General Fund, it could result in misappropriation or payment for unauthorized meals.

Recommendation

The Sheriff should file the meal log each month with the Board of Supervisors. The Board should not approve claims for feeding prisoners until the monthly log has been received from the Sheriff. The payments for feeding of prisoners should be deposited into the General Fund to ensure all payments are properly accounted for and are used for meals that are approved monthly by the Board and are presented in the Board minutes.

Official Response

The log of meals is given to the Chancery Clerk's Office at the beginning of each month to be presented to the Board of Supervisors. All billings are turned into the Chancery Clerk's Office. The Sheriff's Department is responsible for billing different law enforcement agencies for housing inmates for their departments. When invoices are sent out, a check is sent to the Claiborne County Sheriff's Department and we are able to assure that the invoice has been paid. Then the money is sent to the Chancery Clerk's Office.

Tax Assessor / Collector.

2018-015 Bonds should be obtained for Deputy Tax Assessors and Deputy Tax Collectors in accordance with state law.

Repeat Finding Yes

Criteria

Section 27-1-9(a), Miss. Code Ann. (1972), requires each Deputy Assessor to give bond in an amount not less than ten thousand dollars (\$10,000) for the faithful discharge of duties as provided in Section 27-1-3; and each Deputy Collector to give bond in an amount not less than fifty thousand dollars (\$50,000) for the faithful discharge of duties.

Condition

All four (4) deputy Tax Assessors and/or Collectors employed by the County were not properly bonded as statutorily required.

Cause

The County has no controls in place to ensure the Deputy Assessors/Collectors were bonded as required.

Effect

Failure to execute the required bonds could result in the loss of public funds.

Recommendation

Each Deputy Tax Assessor and/or Tax Collector should obtain bonds as required by state law.

Official Response

The County has an umbrella policy with Travelers Insurance covering the County against employee theft up to \$100,000. The County had not realized the policy excluded individual employees who already were required to be individually bonded. All of the deputy clerks in the Tax Assessor's/Collector's office have been bonded for \$10,000 or \$50,000 as appropriate each effective November 1, 2018.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
January 25, 2021

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Claiborne 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	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Road Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

- a. Material weakness identified? No.
- b. Significant deficiency identified? None reported.

3. Noncompliance material to financial statements noted? No.

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>
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? No.

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

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.