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# **Coahoma County**

Financial Statements

September 30, 2018

**Ellis & Hirsberg**

Certified Public Accountants, PLLC

Clarksdale, MS 38614







COAHOMA COUNTY  
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COAHOMA COUNTY

FINANCIAL SECTION

COAHOMA COUNTY

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## INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors  
Coahoma County, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Economic Development Authority of Coahoma County, a blended component unit, which is presented as a major fund and represents 3 percent, .4 percent and 1 percent respectively of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us and our opinion insofar as it relates to the amounts included for the Economic Development Authority of Coahoma County is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, corresponding notes and the Schedule of the County's Proportionate Share of the Net Pension Liability PERS, and the Schedule of 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coahoma 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 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 by us. In our opinion, based on our audit, the procedures performed as described above, the accompanying 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 November 22, 2019, on our consideration of Coahoma County, Mississippi's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Coahoma County, Mississippi's internal control over financial reporting and compliance.

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 22, 2019

## COAHOMA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

COAHOMA COUNTY

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COAHOMA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

**INTRODUCTION**

The discussion and analysis of Coahoma County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2018. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Coahoma County is located in northwestern Mississippi along the Mississippi River. The population is estimated at 23,154. The local economic base is driven mainly by agriculture.

**FINANCIAL HIGHLIGHTS**

Coahoma County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Coahoma County continues to grow economically yet is decreasing in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase. The County government tax rate was 98.75 mills for the 2017-2018 tax year. The County wide levy was 49.26 mills, the school district levy was 40.49 mills and the levy district, waste disposal, fire protection and levee district levies totaled 9 mills.

Total net position increased \$712,008. The ending net position at September 30, 2018 was \$99,704,553 as compared to \$98,992,545 in the prior year. The September 30, 2017 fiscal year net position decreased \$1,503,125. The prior year net position decrease was comprised of a net change in net position of (\$430,468) and prior period adjustments of (\$1,072,657).

The County had \$20,726,440 in total revenues for 2018. Tax revenues account for \$8,321,706 or 40% of total revenues. State revenues in the form of reimbursements, shared revenue, or grants, account for \$2,130,550 or 10% of total revenues. Revenues for the previous year totaled \$21,196,000. Tax revenues accounted for \$7,676,444 or 36% of total revenues for 2017.

The County had \$20,014,432 in total expenses for 2018. Expenses in the amount of \$6,205,396 were offset by charges for services, grants, or outside contributions. General revenues of \$14,521,044 were adequate to provide for the remainder of the expenses. Expenses for the previous year totaled \$21,626,468. Expenses in the amount of \$7,528,820 were offset by charges for services, grants, or outside contributions. General revenues of \$13,667,180 were not adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$9,627,675 in revenues and \$9,126,988 in expenditures. Other financing sources provided \$801,903 resulting in a fund balance increase of \$1,302,590 over the prior year. In the previous year, the General Fund had \$8,759,005 in revenues and \$21,799,573 in expenditures.

The Road Fund had \$1,579,149 in revenues and had \$2,571,368 in total expenditures for 2018. Other financing sources provided \$3,349 resulting in a fund balance decrease of \$988,870 under the prior year. In the previous year the Road Fund had \$1,587,524 in revenues, \$2,285,670 in expenditures and \$60,000 of other financing sources resulting in a \$638,146 decrease in fund balance for 2017.

The Economic Development Authority Fund had \$360,649 in revenues and had \$138,848 in total expenditures. Other financing sources provided an additional \$26,217 from capital lease principal receipts. The increase in the fund balance

totaled \$248,018. In the previous year, the Economic Development Authority Fund had \$814,445 in revenues and \$1,027,711 in expenditures. Other financing sources provided an additional \$35,370 resulting in a decrease in fund balance of \$177,896 for the year.

The Economic Development Authority (the Authority) is a blended component unit of the County. As such, the operations of the Authority are combined into the County's financial statements. The operating results of the Authority were \$284,666 in revenues and \$540,701 in expenses. Other financing sources provided an additional \$193,634 from capital lease principal payments. The overall decrease in fund balance was \$62,401. In the previous year, the Authority reported \$235,281 in total revenues and \$484,406 in expenditures. Other financing sources provided an additional \$181,893 from capital lease principal payments resulting in a decrease of fund balance of \$67,232.

The Hospital Reserve Fund had \$1,601,948 in revenues and \$25,318 in expenditures. Other financing uses consisted of operating transfers out of \$764,653. The Hospital Reserve Fund had a net increase in fund balance of \$811,977. In the previous year, the Hospital Reserve Fund had \$1,648,799 in total revenues and \$36,828 in expenditures. Other financing uses consisted of operating transfers out of \$300,221. The result was an increase in the fund balance of \$1,311,750.

Capital assets, net of accumulated depreciation, decreased by \$904,685 in the governmental activities and increased by \$1,132,908 in the business-type activities. The governmental activities decrease resulted from depreciation in excess of capital additions during the year. The increase in the business-type activities resulted from construction in progress on rail projects. Capital assets in the prior year increased by \$13,102,546 in the governmental activities due to a new capital lease for a jail, firehouse and related facilities. Business-type activities decreased by \$204,524 due to depreciation.

Long-term debt increased by \$24,021 in the governmental activities. The increase was due to compensated absences. In the business-type activities, long-term debt decreased by \$45,171. In the previous year, long-term debt decreased by \$12,512,235 in the governmental activities and decreased by \$67,727 in the business-type activities.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 - Required Components of the County's Annual Report

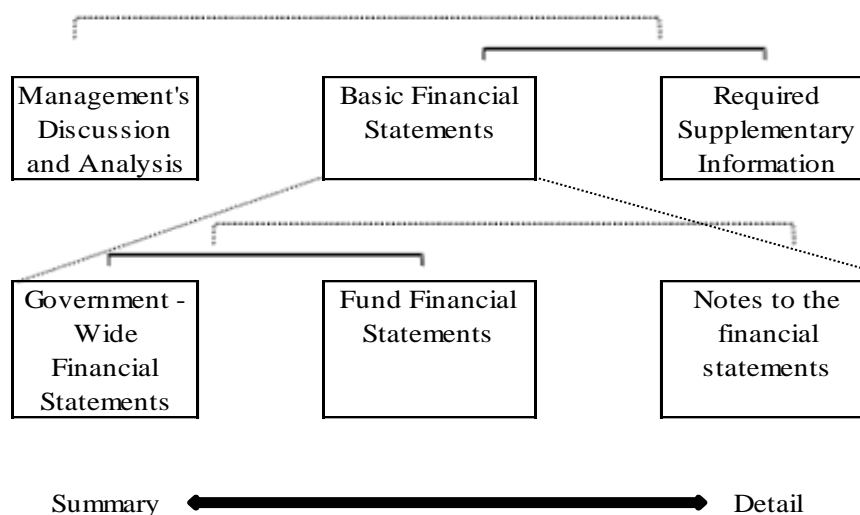


Figure 1 shows how required parts of this annual report are arranged and related to one another.



Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 - Major Features of the County's Government-Wide and Fund Financial Statements

	Government-Wide Financial	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or Fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	a. Statement of net position b. Statement of activities	a. Balance sheet b. Statement of revenues, expenditures and changes in fund balances	a. Statement of net position b. Statement of revenues, expenses and changes in net position c. Statement of cash flows	a. Statement of fiduciary net position b. Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, deferred inflow information	All assets, deferred outflows, liabilities, deferred inflows both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short and long term	All assets, deferred outflows, liabilities and deferred inflows both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the

financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development and assistance; interest and other expenses on long-term debt; and pension expense. The business-type activities of the County include rental of office space at the Federal Building and rents received from railroad operations.

The Government-wide Financial Statements can be found on pages 18, 19, 20 and 21 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both, the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 24 and 28, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 22 through 29 of this report.

**Proprietary funds** are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Federal Building and a Railroad operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance and central maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Federal Building Fund and Railroad Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. The proprietary funds financial statements can be found on pages 30 through 33 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible

for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 34 of this report.

### **Reconciliation of Government-wide and Fund Financial Statements**

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Bonds and note proceeds result in liabilities on government-wide financial statements but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements but are reported as expenditures on the governmental funds financial statements.

**Notes to the financial statements** provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 35 through 61 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents Required Supplementary Information concerning the County's budget process and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 63 through 73 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position** - Net position may serve over time as a useful indicator of government's financial position. In the case of Coahoma County, assets and deferred outflows exceeded liabilities and deferred inflows by \$ 99,704,553 as of September 30, 2018.

By far, the largest portion of the County's net position (72%) reflects its net investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net position for the fiscal years ended September 30, 2018 and 2017.

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Current assets	22,272,385	19,743,434	561,249	474,759
Restricted assets	28,950,594	30,182,887		
Capital assets, net	76,404,484	77,309,169	7,612,696	6,479,788
Total assets	127,627,463	127,235,490	8,173,945	6,954,547
Deferred outflows of resources	1,567,931	1,906,418	8,894	10,815
Current liabilities	1,163,452	1,555,824	12,047	12,242
Long-term debt outstanding	12,807,851	12,783,830		45,171
Net pension liability	13,507,517	13,025,341	76,628	73,893
Total liabilities	27,478,820	27,364,995	88,675	131,306
Deferred inflows of resources	10,097,378	9,610,476	8,807	7,948
Net position:				
Net investment in capital assets	63,914,484	64,819,169	7,612,696	6,434,617
Restricted	50,837,772	49,758,081	613,143	555,412
Unrestricted	(23,133,060)	(22,410,813)	(140,482)	(163,921)
Total net position	91,619,196	92,166,437	8,085,357	6,826,108

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- A capital lease receivable was recorded by the Economic Development Authority Blended Component Unit in the amount of \$900,400 in accordance with a local business improvement project.
- Construction in progress for business-type activities reflected additions of \$1,475,586 for rail projects.

**Changes in Net Position** - Coahoma County's total revenues for the fiscal year ended September 30, 2018 were \$20,726,440. The total cost for all services provided were \$20,014,432. The change in net position was an increase of \$712,008. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2018 and 2017.

	2018 Amount	2017 Amount
Revenues:		
Program revenues		
Charges for services	1,424,617	1,896,599
Operating grants and contributions	1,050,085	465,348
Capital grants and contributions	3,730,694	5,166,873
General revenues		
Property taxes	8,321,706	7,676,444
Grants and contributions not restricted to specific programs	2,130,550	2,816,775
Unrestricted investment income	489,167	386,529
Other	3,579,621	2,787,432
Total Revenues	<u>20,726,440</u>	<u>21,196,000</u>
Expenses:		
General government	3,667,456	3,856,237
Public safety	6,034,133	5,102,828
Public works	4,978,929	6,737,848
Health and welfare	1,041,622	1,050,979
Economic development	940,985	1,555,431
Pension expense	1,797,899	1,845,314
Other expenses	1,553,408	1,477,831
Total Expenses	<u>20,014,432</u>	<u>21,626,468</u>
Increase (Decrease) in Net Position	<u>712,008</u>	<u>(430,468)</u>

**Governmental Activities** - The following table presents the cost of ten major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, interest and other expenses on long-term liabilities, and pension expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity). The net cost shows the financial burden that was placed on Coahoma County's taxpayers by each of these functions.

	2018 Total Costs	2017 Total Costs	2018 Net Costs	2017 Net Costs
General government	3,667,456	3,856,237	3,133,853	2,758,320
Public safety	6,034,133	5,102,828	4,465,355	4,136,884
Public works	4,978,929	6,737,848	3,825,346	3,984,945
Health and welfare	1,041,622	1,050,979	847,610	948,266
Economic development and assistance	940,985	1,555,431	746,651	1,100,928
Culture and recreation	317,161	491,511	143,359	(663,422)
Education	5,000	10,000	5,000	10,000
Pension expense	1,797,899	1,845,314	1,797,899	1,845,314
Conservation of natural resources	51,592	29,279	51,592	18,981
Interest and other expenses on long-term liabilities	201,620	353,279	201,620	353,279

## ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

**Governmental funds** - At the close of the fiscal year, Coahoma County's governmental funds reported a combined fund balance of \$38,287,151, a 2.34% increase of \$873,625.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund for the fiscal year was \$1,302,590. In the previous year, the General Fund reported a decrease of \$436,586 in its fund balance.

The Road Fund reported a decrease in net fund balance for the year of \$988,870. The fund accounts for activities associated with road maintenance financed in part by tax assessments and state source revenue. In the prior year, the Road Fund reported a decrease in fund balance of \$638,146.

The Economic Development Authority Fund reported an increase in fund balance of \$248,018 for the year. The fund accumulates activities associated with industrial development within the County. In the prior year, the Economic Development reported a decrease in fund balance of \$177,896.

The Economic Development Authority Blended Component Unit (CU) reported a decrease in its fund balance of \$62,401. In the prior year, a decrease in fund balance of \$67,232 was reported along with an additional decrease of \$287,535 from a prior period adjustment.

The Hospital Reserve Fund reported a net increase in fund balance of \$811,977 for the year. In the prior year, an increase of \$1,311,750 was reported in fund balance.

**Business-type funds** - Both enterprise funds are supported by rent. The Federal Building rents office space to various outside agencies. The Railroad Fund leases railroad tracks to an operator who pays a base rent of \$12,000 per month. An additional rent of \$10 per rail car is charged for any rail car that exits the railroad at Swan Lake. These lease terms represent a revision in the lease which occurred on October 1, 2016.

## ***BUDGETARY HIGHLIGHTS OF MAJOR FUNDS***

Over the course of the year Coahoma County revised its annual operating budget. Significant amendments are explained as follows:

The overall General fund budget was only increased \$20,254.

The Road fund budget was not adjusted during the year. However, actual expenditures exceeded the budgeted expenditures by \$199,727.

The Economic Development Authority fund budget increased \$23,334. The increase was not sufficient to cover actual expenditures. The actual expenditures exceeded the budgeted expenditures by \$57,838.

The Hospital Reserve fund did not budget any expenditures. Actual expenditures of \$2,498 were made from the fund during the year.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplementary information.

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets** - As of September 30, 2018, Coahoma County's total capital assets were \$178,492,144. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$2,234,638. Governmental activities constituted \$759,052 of the increase and business-type activities constituted \$1,475,586.

Total accumulated depreciation as of September 30, 2018 was \$94,474,964, including \$2,418,127 of depreciation expense for the year. The balance in total net capital assets was \$84,017,180 at year-end.

Additional information on Coahoma County's capital assets can be found in Note 6 on page 47 of this report.

**Debt Administration** - At September 30, 2018, Coahoma County had \$12,807,851 in long-term debt outstanding. The governmental activities debt consists of a capital lease obligation of \$12,490,000 and compensated absences of \$317,851. The principal balance for the business-type activities debt at September 30, 2018 was \$0. Principal payments of \$45,171 were applied against the loan which paid off the balance owed.

The State of Mississippi limits the amount of debt a County can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$32.8 million dollars. The capital lease obligation is not backed by the full faith and credit of the County and is not applied against the debt limitation.

Additional information on Coahoma County's long-term debt can be found in Note 12 on page 55 of this report.

#### ***CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the County Administrator's/Chancery Clerk's office at P. O. Box 579, Clarksdale, MS 38614.

COAHOMA COUNTY

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COAHOMA COUNTY

BASIC FINANCIAL STATEMENTS

COAHOMA COUNTY  
Statement of Net Position  
September 30, 2018

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 5,685,928	1,761,546	7,447,474
Investments	101,486		101,486
Property tax receivable	8,209,692		8,209,692
Accounts receivable (net of allowance for uncollectibles of \$0)		178,328	178,328
Fines receivable (net of allowance for uncollectibles of \$11,404,332)	426,238		426,238
Loans receivable	1,628,157		1,628,157
Capital leases receivable	3,266,404		3,266,404
Intergovernmental receivables	1,270,336	277,226	1,547,562
Other receivables	28,293		28,293
Internal balances	1,655,851	(1,655,851)	-
Restricted assets	28,950,594		28,950,594
Capital assets:			
Land and construction in progress	19,630,909	1,914,198	21,545,107
Other capital assets, net	56,773,575	5,698,498	62,472,073
Total Assets	127,627,463	8,173,945	135,801,408
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,567,931	8,894	1,576,825
Total Deferred Outflows of Resources	1,567,931	8,894	1,576,825
LIABILITIES			
Claims payable	531,739	12,047	543,786
Intergovernmental payables	346,893		346,893
Accrued interest payable	129,956		129,956
Amounts held in custody for others	154,864		154,864
Long term liabilities			
Net pension liability	13,507,517	76,628	13,584,145

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

Due within one year			
Capital related debt	1,020,000		1,020,000
Due in more than one year:			
Capital related debt	11,470,000		11,470,000
Non-capital related debt	317,851		317,851
Total Liabilities	<u>27,478,820</u>	<u>88,675</u>	<u>27,567,495</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,552,423	8,807	1,561,230
Deferred revenues - property taxes	8,209,692		8,209,692
Deferred revenues - capital leases	335,263		335,263
Total Deferred Inflows of Resources	<u>10,097,378</u>	<u>8,807</u>	<u>10,106,185</u>
NET POSITION			
Net investment in capital assets	63,914,484	7,612,696	71,527,180
Restricted net position:			
Expendable:			
General government	367,282		367,282
Debt service	37,459		37,459
Public safety	49,364		49,364
Public works	279,690		279,690
Culture and recreation	19,318		19,318
Economic development	2,947,962	613,143	3,561,105
Unemployment compensation	21,460		21,460
Non-expendable:			
Hospital reserve	47,115,237		47,115,237
Unrestricted	(23,133,060)	(140,482)	(23,273,542)
Total Net Position	<u>\$ 91,619,196</u>	<u>8,085,357</u>	<u>99,704,553</u>

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

COAHOMA COUNTY  
Statement of Activities  
For the Year Ended September 30, 2018

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Operating	Capital	Primary Government		
		Charges for	Grants and	Grants and	Governmental	Business-type	
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,667,456	524,162	9,441		(3,133,853)		(3,133,853)
Public safety	6,034,133	312,569	109,251	1,146,958	(4,465,355)		(4,465,355)
Public works	4,978,929	755	737,381	415,447	(3,825,346)		(3,825,346)
Health and welfare	1,041,622		194,012		(847,610)		(847,610)
Culture and recreation	317,161			173,802	(143,359)		(143,359)
Education	5,000				(5,000)		(5,000)
Conservation of natural resources	51,592				(51,592)		(51,592)
Economic development and assistance	940,985			194,334	(746,651)		(746,651)
Interest and other expenses on long-term liabilities	201,620				(201,620)		(201,620)
Pension expense	1,797,899				(1,797,899)		(1,797,899)
Total Governmental Activities	19,036,397	837,486	1,050,085	1,930,541	(15,218,285)	-	(15,218,285)
Business-type activities:							
Federal building	316,209	429,109				112,900	112,900
Railroad	661,826	158,022		1,800,153		1,296,349	1,296,349
Total Business-type Activities	978,035	587,131	-	1,800,153	-	1,409,249	1,409,249
Total Primary Government	\$ 20,014,432	1,424,617	1,050,085	3,730,694	(15,218,285)	1,409,249	(13,809,036)

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

General revenues:				
Property taxes	\$	8,090,803	8,090,803	
Road & bridge privilege taxes		230,903	230,903	
Grants and contributions not restricted to specific programs		2,130,550	2,130,550	
Unrestricted investment income		489,167	489,167	
Miscellaneous		3,579,621	3,579,621	
Transfers		150,000	(150,000)	-
Total General Revenues		<u>14,671,044</u>	<u>(150,000)</u>	<u>14,521,044</u>
Changes in Net Position		<u>(547,241)</u>	<u>1,259,249</u>	<u>712,008</u>
Net Position - Beginning		<u>92,166,437</u>	<u>6,826,108</u>	<u>98,992,545</u>
Net Position - Ending	\$	<u>91,619,196</u>	\$ <u>8,085,357</u>	\$ <u>99,704,553</u>

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

COAHOMA COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2018

Exhibit 3

	Major Funds						
	General Fund	Road Fund	Economic Development Authority Fund	Economic Development Authority Blended CU	Hospital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$2,082,843	184,589	854,501	301,637		2,262,358	5,685,928
Investments				101,486			101,486
Property tax receivable	5,909,875	707,368	111,769			1,480,680	8,209,692
Fines receivable (net of allowance for uncollectibles \$11,404,332)	426,238						426,238
Loans receivable			543,106			1,085,051	1,628,157
Capital lease receivable	38,625		314,433	2,913,346			3,266,404
Intergovernmental receivables	310,650	18,431				330,270	659,351
Other receivables	9,368	1,766		154		17,005	28,293
Due from other funds		20,578	908		11,758,154	13,370	11,793,010
Advances to other funds					6,975,863		6,975,863
Restricted assets					28,950,594		28,950,594
Total Assets	<u>8,777,599</u>	<u>932,732</u>	<u>1,824,717</u>	<u>3,316,623</u>	<u>47,684,611</u>	<u>5,188,734</u>	<u>67,725,016</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Claims payable	183,206	172,522			22,820	153,189	531,737
Intergovernmental payables	346,893						346,893
Due to other funds	3,153,045	2,352,296	890,804			3,168,784	9,564,929
Advances from other funds	1,766,308	553,021	3,178,049			1,439,730	6,937,108
Amounts held in custody for others	152,864						152,864
Other payables						2,000	2,000
Total Liabilities	<u>5,602,316</u>	<u>3,077,839</u>	<u>4,068,853</u>	<u>-</u>	<u>22,820</u>	<u>4,763,703</u>	<u>17,535,531</u>

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

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	5,909,875	707,368	111,769		1,480,680	8,209,692
Unavailable revenue - fines	426,238					426,238
Unavailable revenue - capital leases	38,625		314,433	2,913,346		3,266,404
Total deferred inflows of resources	<u>6,374,738</u>	<u>707,368</u>	<u>426,202</u>	<u>2,913,346</u>	<u>-</u>	<u>11,902,334</u>
Fund balances:						
Nonspendable:						
Advances				6,975,863		6,975,863
Loans receivable			543,106		1,085,051	1,628,157
Permanent fund principal				40,139,374		40,139,374
Restricted for:						
General government					367,282	367,282
Public safety					49,364	49,364
Public works					279,690	279,690
Culture and recreation					19,318	19,318
Economic development and assistance					54,450	54,450
Debt service					37,459	37,459
Unemployment compensation					21,460	21,460
Committed to:						
General government	842,547					842,547
Assigned						
Economic development and assistance				403,277		403,277
Unassigned	<u>(4,042,002)</u>	<u>(2,852,475)</u>	<u>(3,213,444)</u>		<u>546,554</u>	<u>(12,531,090)</u>
Total Fund Balances	<u>(3,199,455)</u>	<u>(2,852,475)</u>	<u>(2,670,338)</u>	<u>403,277</u>	<u>47,661,791</u>	<u>38,287,151</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$8,777,599</u>	<u>932,732</u>	<u>1,824,717</u>	<u>3,316,623</u>	<u>47,684,611</u>	<u>67,725,016</u>

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

## COAHOMA COUNTY

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 38,287,151
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$89,850,175	76,404,484
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund:	
Fines receivable	426,238
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(12,807,851)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,931,141
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	1,567,931
Deferred inflows of resources related to pensions	(1,552,423)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	(13,507,517)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds	(129,956)
Rounding	<u>(2)</u>
Total net position - Governmental Activities	<u><u>\$ 91,619,196</u></u>

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



COAHOMA COUNTY

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## COAHOMA COUNTY

Exhibit 4

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

For the year ended September 30, 2018

	Major Funds						
	General Fund	Road Fund	Economic Development Authority Fund	Economic Development Authority Blended CU	Hospital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 5,726,173	565,459	110,670			1,688,501	8,090,803
Road and bridge privilege taxes		230,903					230,903
Licenses, commissions and other revenue	633,053	3,476				27,300	663,829
Fines and forfeitures	89,761						89,761
Intergovernmental revenues	2,251,932	706,101	2,500	191,834		1,740,671	4,893,038
Charges for services	59,844					207,594	267,438
Interest income	51,073		30,800	31,119	345,055	31,120	489,167
Increase in market value of securities					604,116		604,116
Miscellaneous revenues	815,839	73,210	216,679	61,713	652,777	265,521	2,085,739
Total Revenues	9,627,675	1,579,149	360,649	284,666	1,601,948	3,960,707	17,414,794
EXPENDITURES							
General government	3,816,295				25,318	12,565	3,854,178
Public safety	4,216,270					1,824,063	6,040,333
Public works	102,267	2,557,420				1,898,697	4,558,384
Health and welfare	477,734						477,734
Culture and recreation	223,792					574,933	798,725
Education	5,000						5,000
Conservation of natural resources	76,992						76,992
Economic development and assistance	117,169		109,369	513,603		191,955	932,096
Debt service:							
Interest	91,469	13,948	29,479	27,098		40,151	202,145
Total Expenditures	9,126,988	2,571,368	138,848	540,701	25,318	4,542,364	16,945,587

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

Excess of Revenues over (under) Expenditures	<u>500,687</u>	<u>(992,219)</u>	<u>221,801</u>	<u>(256,035)</u>	<u>1,576,630</u>	<u>(581,657)</u>	<u>469,207</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from loan							-
Proceeds from sale of assets	6,439	3,349				3,087	12,875
Transfers in	1,014,653					240,881	1,255,534
Transfers out	(240,881)				(764,653)	(100,000)	(1,105,534)
Lease principal payments	<u>21,692</u>		<u>26,217</u>	<u>193,634</u>			<u>241,543</u>
Total Other Financing Sources (Uses)	<u>801,903</u>	<u>3,349</u>	<u>26,217</u>	<u>193,634</u>	<u>(764,653)</u>	<u>143,968</u>	<u>404,418</u>
Net Changes in Fund Balances	<u>1,302,590</u>	<u>(988,870)</u>	<u>248,018</u>	<u>(62,401)</u>	<u>811,977</u>	<u>(437,689)</u>	<u>873,625</u>
Fund Balances - Beginning	<u>(4,502,045)</u>	<u>(1,863,605)</u>	<u>(2,918,356)</u>	<u>465,678</u>	<u>46,849,814</u>	<u>(617,960)</u>	<u>37,413,526</u>
Fund Balances - Ending	<u><u>\$ (3,199,455)</u></u>	<u><u>(2,852,475)</u></u>	<u><u>(2,670,338)</u></u>	<u><u>403,277</u></u>	<u><u>47,661,791</u></u>	<u><u>(1,055,649)</u></u>	<u><u>38,287,151</u></u>

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

COAHOMA COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 873,625
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$2,075,449 exceeded capital outlays of \$980,272 and donations of \$214,000	(881,177)
In the Statement of Activities, only gains and loss from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$10,633 and proceeds from the sale of assets of \$12,875 in the current period	(23,508)
Fine revenue is earned when a legally enforceable claim to the fine exists, regardless of when the fine is collected. Under the modified accrual basis fine revenue is deferred when it is not currently collectible	(179,404)

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

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balance by a combination of the following items:

Compensated absences	(24,021)
Accrued interest	525
Gain on capital lease revisions for blended component unit	900,399
Lease principal payments on capital leases recognized on the modified accrual basis in the funds is reduced because prior year recognition of gain would have been required on the Statement of Activities using the full-accrual basis of accounting.	(241,543)
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	(1,797,899)
Recording of contributions made during the year	825,762
Change in Net Position of Governmental Activities	<u><u>\$ (547,241)</u></u>

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

COAHOMA COUNTY  
Statement of Net Position - Proprietary Funds  
September 30, 2018

Exhibit 5

	Business-type Activities - Enterprise Funds		
	Federal Building Fund	Railroad Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 146,914	1,614,632	1,761,546
Accounts receivable	17,085	161,243	178,328
Intergovernmental receivables		277,226	277,226
Total Current Assets	163,999	2,053,101	2,217,100
Noncurrent assets:			
Land and construction in progress	40,000	1,874,198	1,914,198
Capital assets, net	884,127	4,814,371	5,698,498
Total Noncurrent Assets	924,127	6,688,569	7,612,696
Total Assets	1,088,126	8,741,670	9,829,796
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	8,894		8,894
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	12,047		12,047
Due to other funds	215,893	1,401,203	1,617,096
Advances from other funds		38,755	38,755
Total Current Liabilities	227,940	1,439,958	1,667,898
Noncurrent liabilities:			
Net pension liability	76,628		76,628
Total Noncurrent Liabilities	76,628	-	76,628
Total Liabilities	304,568	1,439,958	1,744,526
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	8,807		8,807
<b>NET POSITION</b>			
Net investment in capital assets	924,127	6,688,569	7,612,696
Restricted for economic development		613,143	613,143
Unrestricted	(140,482)		(140,482)
Total Net Position	\$ 783,645	7,301,712	8,085,357

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

## COAHOMA COUNTY

Exhibit 6

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds		
	Federal Building Fund	Railroad Fund	Totals
Operating Revenues			
Rent	\$ 429,109	158,022	587,131
Total Operating Revenues	<u>429,109</u>	<u>158,022</u>	<u>587,131</u>
Operating Expenses			
Personal services	52,466		52,466
Contractual services	192,359	377,615	569,974
Materials and supplies	646		646
Depreciation expense	60,539	282,139	342,678
Pension expense	10,199		10,199
Total Operating Expenses	<u>316,209</u>	<u>659,754</u>	<u>975,963</u>
Operating Income (Loss)	<u>112,900</u>	<u>(501,732)</u>	<u>(388,832)</u>
Nonoperating Revenues (Expenses)			
Intergovernmental grants		1,800,153	1,800,153
Interest expense		(2,072)	(2,072)
Net Nonoperating Revenue (Expenses)	<u>-</u>	<u>1,798,081</u>	<u>1,798,081</u>
Net Income (Loss) Before Transfers	112,900	1,296,349	1,409,249
Transfers Out	<u>(150,000)</u>		<u>(150,000)</u>
Changes in Net Position	<u>(37,100)</u>	<u>1,296,349</u>	<u>1,259,249</u>
Net Position - Beginning	<u>820,745</u>	<u>6,005,363</u>	<u>6,826,108</u>
Net Position - Ending	<u>\$ 783,645</u>	<u>7,301,712</u>	<u>8,085,357</u>

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

COAHOMA COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2018

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Federal Building Fund	Railroad Fund	Totals
Cash Flows From Operating Activities			
Receipts from rent	\$ 439,023	210,860	649,883
Payments to suppliers	(193,200)	(377,615)	(570,815)
Payments to employees	(57,150)		(57,150)
Net Cash Provided (Used) by Operating Activities	188,673	(166,755)	21,918
Cash Flows From Noncapital Financing Activities			
Cash received from other funds:			
Loans from other funds	215,893	1,383,443	1,599,336
Cash paid to other funds:			
Operating transfers out	(150,000)		(150,000)
Interfund loan repayments	(150,000)	(17,236)	(167,236)
Net Cash Provided (Used) by Noncapital Financing Activities	(84,107)	1,366,207	1,282,100
Cash Flows From Capital and Related Financing Activities			
Capital grants received		1,614,632	1,614,632
Acquisition and construction of capital assets		(1,475,586)	(1,475,586)
Principal paid on long-term debt		(45,171)	(45,171)
Interest paid on debt		(2,072)	(2,072)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	91,803	91,803
Net Increase (Decrease) in Cash and Cash Equivalents	104,566	1,291,255	1,395,821
Cash and Cash Equivalents at Beginning of Year	42,348	323,377	365,725
Cash and Cash Equivalents at End of Year	\$ 146,914	1,614,632	1,761,546
Reconciliation of Operating Income (Loss) to Net Cash			

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



Reconciliation of Operating Income (Loss) to Net Cash  
 Provided (Used) by Operating Activities:

Operating income (loss)	<u>\$ 112,900</u>	<u>(501,732)</u>	<u>(388,832)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	60,539	282,139	342,678
Decrease in deferred outflows related to pensions	1,921		1,921
Increase in deferred inflows related to pensions	859		859
Increase in net pension liability	2,735		2,735
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	9,914	52,838	62,752
Increase (decrease) in claims payable	<u>(195)</u>		<u>(195)</u>
Total Adjustments	<u>75,773</u>	<u>334,977</u>	<u>410,750</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 188,673</u></u>	<u><u>(166,755)</u></u>	<u><u>21,918</u></u>

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

COAHOMA COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2018

Exhibit 8

	<u>Agency</u>
ASSETS	
Cash	<u>\$ 1,116,100</u>
Total Assets	<u><u>1,116,100</u></u>
LIABILITIES	
Intergovernmental payables	505,115
Due to other funds	<u>610,985</u>
Total Liabilities	<u><u>\$ 1,116,100</u></u>

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

COAHOMA COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Coahoma 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 Coahoma County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations which should be discretely presented as component units of the County's reporting entity.

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

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

B. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Coahoma County Public Improvement Corporation is comprised solely of the five members of the Board of Supervisors. Although it is legally separate from the County, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's buildings.

The Economic Development Authority of Coahoma County is comprised of seven residents of Coahoma County. The members are appointed by the Board of Supervisors of Coahoma County and serve five year terms. The Board of Supervisors must approve the overall budget for the Authority. The Authority is reported as if it were part of the primary government because its activities are closely intertwined with County activities.

C. Basis of Presentation.

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

# COAHOMA COUNTY

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

### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

### Fund Financial Statements:

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

#### D. Measurement Focus and Basis of Accounting.

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

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

Governmental 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

## COAHOMA COUNTY

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

judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

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

**Road Fund** - This fund is used to account for and report activities relating to maintaining roads within the County.

**Economic Development Authority Fund** - This fund is used to account for and report activities relating to industrial development with the County.

**Hospital Reserve Fund** - This fund is used to account for and report resources that are legally restricted to the extent that only a portion of the earnings and none of the principal can be used to support County programs.

The County reports the following major Enterprise funds:

**Federal Building Fund** - This fund is used to account for and report monies received from rentals of office space in the building.

**Railroad Fund** - This fund is used to account for and report monies received from rentals of the railroad and fees charged based upon number of railcars passing along the County owned tracks.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

**Permanent Funds** - These funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not the principal, may be used for the support of County programs.

#### PROPRIETARY FUND TYPES

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

**Internal Service Funds** - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County's internal service funds report on self-insurance programs for employee medical benefits.

# COAHOMA COUNTY

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

### 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.

#### G. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs-other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

#### H. Receivables.

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

#### I. 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

# COAHOMA COUNTY

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

offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

### J. Restricted Assets.

The assets of the hospital reserve fund are shown as restricted assets. These funds have been set aside for the fiscal security and as a sustained revenue source for the County and its citizens. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

### K. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statement. 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 has 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.

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

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

	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.

## COAHOMA COUNTY

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

#### L. 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 element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

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

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

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

Unavailable 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 11 for additional details.

#### M. Pensions

For the 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.

#### N. Long-term liabilities.

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

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



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

O. 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, constructions or improvements 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 or regulation 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, committed, assigned 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 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 resources either by an external party or imposed by law through a constitutional provision or enabling legislature.

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

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general

# COAHOMA COUNTY

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

fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by management pursuant to the authorization established by the policy adopted by the county.

*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.

### P. 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.

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

### Q. 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.

### R. 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

## COAHOMA COUNTY

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

United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and the proprietary fund 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 and Investments.

##### Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$8,563,574 and the bank balance was \$8,966,090. The collateral for public entities' deposits in financial institutions, is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

##### **Restricted Assets:**

The cash balance of the Hospital Reserve Fund in the amount of \$6,578,287 is presented as restricted assets in Exhibit 1 and Exhibit 3.

Cash with fiscal agents in the amount of \$513,310 is presented as restricted assets in Exhibit 1 and Exhibit 3.

Investments as shown below with a value of \$21,858,997 are presented as restricted assets in Exhibit 1 and Exhibit 3.

##### **Investment:**

Senate Bill 2930 of the Mississippi Legislature authorized the Board of Supervisors of Coahoma County to establish the Coahoma County Reserve and Trust Fund (the Fund). A significant portion of the cash and investments of the Hospital Reserve Fund was used to fund the Coahoma County Reserve and Trust Fund. The Fund is to provide for the continued improvement and maintenance of Coahoma County by providing financial security and providing a sustained source of revenue.

The Fund is administered by a Board of Trustees which will consist of the Board of Supervisors of Coahoma County. Investments allowed will be the same type of investments which are permitted for the Mississippi Prepaid Affordable College Tuition Program under Section 37-155-9, Mississippi Code of 1972 except the fund shall be restricted from investments in the covered call and put options allowed in Section 37-155-9(v)(xi) or in the pooled or commingled real estate securities outlined in Section 37-155-9(v)(xiii).

The Fund is to be divided into two components consisting of the corpus component and the earnings component. On or before July 1 of each year the trustees shall determine the portion of the earnings component and report that amount to the governing authorities. A decision will be made to either transfer all or a portion of the earnings to the

# COAHOMA COUNTY

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

General Fund of the County for spending or if no amounts are transferred the earnings will become a part of corpus. The corpus is restricted with limited abilities to withdraw. A provision does exist to withdraw the Funds in a state of emergency declared under federal, state or local law.

Investments are presented at fair value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of the investments of the County as of September 30, 2018.

Investment Type	Level 1	Level 2	Total
Equities	11,276,594		11,276,594
Municipal Bonds		101,136	101,136
U.S. Treasury Bond/Notes		1,188,192	1,188,192
Federal Agency Obligations		2,883,405	2,883,405
Corporate/Other		6,409,670	6,409,670
Total	11,276,594	10,582,403	21,858,997

Interest Rate Risk - The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity of any investment to no more than one year. Investments of the Coahoma County Reserve and Trust Fund follow the guidelines of the Mississippi Prepaid Affordable College Tuition Program – Code Section 37-155-9, Mississippi Code of 1972 Annotated.

Credit Risk - State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Investments of the Coahoma County Reserve and Trust Fund follows the guidelines of the Mississippi Prepaid Affordable College Tuition Program under code section 37-155-9, Mississippi Code of 1972 Annotated.

The following ratings are provided for the credit securities of the Reserve and Trust Fund:

Investment Classification	S & P Quality Rating				Total
	AAA	AA	A	All Others	
Level 2	752,565	1,665,065	3,860,398	4,304,375	10,582,403

Custodial Credit Risk – Investments - Custodial credit risk is the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy that addresses custodial credit risk.

### (3) Interfund Transactions and Balances.

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

# COAHOMA COUNTY

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

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

Receivable Fund	Payable Fund	Amount
Road Fund	General Fund	\$ 20,578
Economic Development Authority Fund	General Fund	908
Hospital Reserve Fund	General Fund	3,118,189
Hospital Reserve Fund	Economic Development Authority Fund	890,804
Hospital Reserve Fund	Federal Building	* 215,893
Hospital Reserve Fund	Railroad Fund	* 1,401,203
Hospital Reserve Fund	Road Fund	2,352,296
Hospital Reserve Fund	Other Governmental Funds	3,168,784
Hospital Reserve Fund	Agency Funds	610,985
Other Governmental Funds	General Fund	13,370
Total		<u>\$ 11,793,010</u>

The interfund loans were made to provide operating capital, finance construction projects and prevent borrowing from outside sources. A portion of the above amounts reflect amounts collected by the tax collector and are expected to be remitted in October 2018.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

### B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
Hospital Reserve Fund	General Fund	\$ 1,766,308
Hospital Reserve Fund	Road Fund	553,021
Hospital Reserve Fund	Economic Development Authority Fund	3,178,049
Hospital Reserve Fund	Railroad Fund	* 38,755
Hospital Reserve Fund	Other Governmental Funds	1,439,730
Total		<u>\$ 6,975,863</u>

\* These funds make up the internal balances on Exhibit 1.

Monthly payments are being made on a number of above advances. The portion expected to be repaid within one year has been classified as due to/due from. The remaining amounts due are not expected to be repaid within one year. The interfund advances were made to finance construction projects and prevent borrowing from outside sources.

### C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Hospital Reserve Fund	\$ 764,653
General Fund	Other Governmental Funds	100,000
General Fund	Federal Building Fund	150,000
Other Governmental Funds	General Fund	240,881
Total		<u>\$ 1,255,534</u>

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2018

The principal purpose of the transfers was to provide funds for operations and to eliminate deficit cash balances for the fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

Governmental Activities:

Description	Amount
Gaming	\$ 112,540
Grant receivable	221,352
Legislative tax credit	97,096
State and local agencies	228,363
Agency fund	610,985
	<hr/>
Total Governmental Activities	\$ 1,270,336
	<hr/> <hr/>

Business-type Activities:

Grant receivable	\$ 277,226
	<hr/>
Total Business-type Activities	\$ 277,226
	<hr/> <hr/>

(5) Loans Receivable.

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

Description	Date of Loan	Interest Rate	Maturity Date	Balance Receivable
Standard Industrial	4/1/09	3.00%	4/1/29	543,106
Utility District #2 Loan	5/1/14	2.51%	12/1/61	751,684
Airport	6/1/14	3.00%	6/1/24	228,783
Airport	8/1/14	3.00%	8/1/24	31,776
Airport	8/1/18	2.00%	8/1/21	72,808
				<hr/>
Total				\$ 1,628,157
				<hr/> <hr/>

**COAHOMA COUNTY**

**Notes to Financial Statements**

**For the Year Ended September 30, 2018**

(6) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,091,713	234,000			3,325,713
Construction in progress	2,473,492	596,470			3,069,962
Construction in progress under capital lease	12,490,000				12,490,000
Total non-depreciable capital assets	<u>18,055,205</u>	<u>830,470</u>	<u>-</u>	<u>-</u>	<u>18,885,675</u>
<u>Depreciable capital assets:</u>					
Infrastructure	82,008,816				82,008,816
Buildings	49,352,174	11,815			49,363,989
Improvements other than buildings	2,962,504	10,844			2,973,348
Mobile equipment	10,021,058	266,659	(429,790)		9,857,927
Furniture and equipment	1,769,030	74,484	(5,430)		1,838,084
Total depreciable capital assets	<u>146,113,582</u>	<u>363,802</u>	<u>(435,220)</u>	<u>-</u>	<u>146,042,164</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	54,084,458	388,576			54,473,034
Buildings	24,512,256	906,976			25,419,232
Improvements other than buildings	1,119,354	118,500			1,237,854
Mobile equipment	7,057,890	477,765	(406,825)		7,128,830
Furniture and equipment	994,363	161,397	(4,887)		1,150,873
Total accumulated depreciation	<u>87,768,321</u>	<u>2,053,214</u>	<u>(411,712)</u>	<u>-</u>	<u>89,409,823</u>
Total depreciable capital assets, net	<u>58,345,261</u>	<u>(1,689,412)</u>	<u>(23,508)</u>	<u>-</u>	<u>56,632,341</u>
Governmental activities capital assets, net	<u>\$ 76,400,466</u>	<u>(858,942)</u>	<u>(23,508)</u>	<u>-</u>	<u>75,518,016</u>

**COAHOMA COUNTY**

**Notes to Financial Statements**

**For the Year Ended September 30, 2018**

Blended Component Unit:

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

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 745,234				745,234
Depreciable capital assets:					
Buildings	135,001				135,001
Improvements other than buildings	179,916				179,916
Other equipment	266,669				266,669
Total depreciable capital assets	581,586				581,586
Less accumulated depreciation	418,117	22,235			440,352
Total depreciable capital assets, net	163,469	(22,235)	-	-	141,234
Total capital assets, net	\$ 908,703	(22,235)	-	-	886,468

Business-type activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 40,000				40,000
Construction in progress	763,499	1,475,586		(364,887)	1,874,198
Total non-depreciable capital assets	803,499	1,475,586	-	(364,887)	1,914,198
<u>Depreciable capital assets:</u>					
Infrastructure	8,214,983			364,887	8,579,870
Buildings	1,743,417				1,743,417
Total depreciable capital assets	9,958,400	-	-	364,887	10,323,287
<u>Less accumulated depreciation for:</u>					
Infrastructure	3,483,360	282,139			3,765,499
Buildings	798,751	60,539			859,290
Total accumulated depreciation	4,282,111	342,678	-	-	4,624,789
Total depreciable capital assets, net	5,676,289	(342,678)	-	364,887	5,698,498
Business-type activities capital assets, net	\$ 6,479,788	1,132,908	-	-	7,612,696



COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2018

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 187,546
Public safety	414,882
Public works	819,857
Culture and recreation	56,599
Economic development	32,677
Health and welfare	563,888
	<u>2,075,449</u>
Total governmental activities depreciation expense	<u>\$ 2,075,449</u>
Business-type Activities:	
Federal Building	\$ 60,539
Railroad	282,139
	<u>342,678</u>
Total business-type activities depreciation expense	<u>\$ 342,678</u>

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Yazoo Pass Trail Head	76,980	December 2018
Rail Tie Replacement	58,883	December 2018
Total	<u>135,863</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) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2018

leases was \$721,167 for the year ended September 30, 2018. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 705,793
2020	664,793
2021	664,893
2022	500,065
2023	500,065
2024-2028	1,000,325
2029-2033	<u>325</u>
Total Minimum Payments Required	<u><u>\$ 4,036,259</u></u>

The County receives income from property it leases in Enterprise Funds. Total income from such leases was \$587,131 for the year ended September 30, 2018. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 451,312
2020	281,966
2021	<u>126,681</u>
Total Minimum Payments Required	<u><u>\$ 859,959</u></u>

(9) Capital Leases.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2018:

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 454,124
Buildings	6,060,159
Equipment	<u>149,104</u>
Total	<u><u>\$ 6,663,387</u></u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2018, are as follows:

COAHOMA COUNTY

Notes to Financial Statements

For the Year Ended September 30, 2018

Year Ending September 30	Principal	Interest
2019	\$ 224,713	37,738
2020	220,271	34,457
2021	207,692	31,585
2022	202,198	28,834
2023	179,602	26,677
2024-2028	927,405	103,521
2029-2033	730,433	56,605
2034	238,827	15,846
Total	<u>\$ 2,931,141</u>	<u>335,263</u>

As Lessee:

On June 22, 2017, the County entered into a capital lease agreement with North Delta Improvements Corporation for the lease of buildings to be constructed by North Delta Improvements Corporation which will contain a jail which will house approximately 155 inmates, a fire station and other related facilities. The lease term began on June 22, 2017 and ends on June 1, 2037. At the end of the lease, title to the property will pass to the County.

In order to fund the construction cost, North Delta Improvements Corporation will sell Certificates of Participation with First Security Bank of Batesville acting as Trustee. The owners of the Certificates will have an undivided proportionate interest in the right to receive rental payments under the lease agreement between Coahoma County and North Delta Improvements Corporation. The only obligation of the County is to make rental payments in accordance with the lease agreement. The County is not obligated for the Certificates of Participation.

Total principal payments under the lease are \$12,490,000 and total interest to be paid will be \$6,402,467 for a total of \$18,892,467. Payments for the project will be made from the County's General County Capital Project Fund. The millage rate for the general fund ad valorem taxes will be increased by 2 mills each year for the next five years to provide funding for the lease payments.

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2019	\$ 1,020,000	517,000
2020	475,000	486,400
2021	475,000	472,150
2022	465,000	457,900
2023	480,000	443,950
2024-2028	2,675,000	1,942,550
2029-2033	3,435,000	1,241,875
2034-2038	3,465,000	353,800
Total	<u>\$ 12,490,000</u>	<u>5,915,625</u>

(10) Short-term Debt and Liquidity.

There was no short-term borrowing during the fiscal year.

## COAHOMA COUNTY

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

#### (11) Defined Benefit Pension Plan

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

**Plan Description.** Coahoma County contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. 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 Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

**Benefits provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS's 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 of creditable service for employees who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who become 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. A 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 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the fiscal years ending September 30, 2018, 2017 and 2016 were \$830,446, \$806,745 and \$812,288, respectively, which equaled the required contribution for each year.

# COAHOMA COUNTY

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

### *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 \$13,584,145 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. At June 30, 2018 the County's proportion was .081228 percent and .000442 percent for the Coahoma County Soil and Water Conservation District. The overall proportionate share used for calculations was .08167 percent.

For the fiscal year ended September 30, 2018, the County recognized pension expense of \$1,808,098. At September 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
Differences between expected and actual experience	\$ 58,529	55,252
Net difference between projected and actual earnings on pension plan investments	747,825	1,003,443
Changes in assumptions	7,735	7,297
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	540,368	495,238
Contributions subsequent to the measurement date	<u>222,368</u>	<u>          </u>
Total	<u>\$ 1,576,825</u>	<u>1,561,230</u>

\$222,368 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	\$	114,592
2020		(4,992)
2021		(255,284)
2022		<u>(61,089)</u>
Total	\$	<u>(206,773)</u>

# COAHOMA COUNTY

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

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

Inflation	3.00 percent
Salary increases	3.75 – 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 Health Annuitant Blue Collar Table projected with Scale BB to 2022 with males rates set forward one year.

The actuarial assumptions used in the June 30, 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 weighing 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	27.00%	4.60%
International Equity	18.00%	4.50%
Emerging Markets Equity	4.00%	4.75%
Global	12.00%	4.75%
Fixed Income	18.00%	0.75%
Real Assets	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	1.00%	0.00%
Total	100.00%	

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

# COAHOMA COUNTY

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

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 17,886,424	13,584,145	10,008,387

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

### (12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Notes Payable (Blended component unit)			
Land & Building - Saf-T-Cart	* \$ 116,901	3.00%	7-15-22
Land & Building - Dept of Human Services	* 1,617,680	1.60%	9-30-33
Building & Equipment - Standard Industrial	* <u>875,468</u>	3.00%	12-1-37
Total	<u><u>2,610,049</u></u>		
B. Capital Leases:			
Jail/Fire Station and related facilities	<u>\$ 12,490,000</u>	3.00 - 5.75%	6-1-37

\* The blended component unit borrowed these funds from the County. The amounts have been eliminated for government-wide presentation purposes.

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

Governmental Activities:

Blended component unit:

# COAHOMA COUNTY

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

Year Ending September 30	Notes Payable	
	Principal	Interest
2019	\$ 177,692	31,400
2020	179,822	29,270
2021	182,010	27,082
2022	175,995	24,852
2023	152,867	23,227
2024-2028	785,370	95,103
2029-2033	717,466	56,517
2034	238,827	15,847
Total	<u>\$ 2,610,049</u>	<u>303,298</u>

See Note 9 for capital lease annual disclosure.

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever the County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 3.19% of the latest property assessments.

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 293,830	24,021			317,851	
Capital leases	\$ 12,490,000				12,490,000	1,020,000
Total	<u>\$ 12,783,830</u>	<u>\$ 24,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,807,851</u>	<u>\$ 1,020,000</u>

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Business-type Activities:						
Other loans	\$ 45,171		(45,171)		-	
Total	<u>\$ 45,171</u>	<u>-</u>	<u>(45,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Obligation for the County's rail loan was made in accordance with the loan terms. The amount was paid from the Railroad Fund.



# COAHOMA COUNTY

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

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

### (13) Deficits Fund Balance of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2018:

Fund	Deficit Amount
Major Funds:	
General Fund	\$ 3,199,455
Road Fund	2,852,475
Economic Development Authority Fund	2,670,338
Total Major Funds	8,722,268
Nonmajor Funds:	
MEMA HAZ MIT #1604 514 Safe Room	172,401
Victim Asst 2016 VA-GX-0024	25,370
DUI Grant Fund	50,234
Digital Communication	165,300
DUI 14ST-114-1	58,758
MDOT Multi Modal	14,662
CC Airport (IRT/FAA/MDOT/Local)	250,367
Airport Capital Proj MM 0014 0214	89,098
Airport MDOT MM-014-0315	112,124
AIP 3-28-0014-023-2016	136,400
CDBG 1128-11-014-PF-01	1,378
East Park Drainage Fund	8,945
AIP 3 28 0014 024 2018	2,757
Moon Lake Fund	84,345
CDBG Home Rehab	2,596
Expo Bldg & Fairgrounds	273,791
Tag Interface	46,467
Help MS Vote Fund	17,823
County Fire Fund	277,512
Spec Narcotics	1,480
Bridge Fund	80,714
SAP Eng	12,150
Total Nonmajor Funds	\$ 1,884,672

### (14) Contingencies

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

## COAHOMA COUNTY

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

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.

#### (15) Related Organizations

The Board of Supervisors is responsible appointing members to the Board of the Coahoma County Tourism Commission. The members are appointed for terms of 5 years. The Board of Supervisors is provided a copy and reviews the budget for the Tourism Commission but cannot force a modification to the budget. The member's appointed to the Tourism Board serve without fear of replacement by the Board of Supervisors until that member's term has been served. In fiscal year 2018, \$394,365 was forwarded to the Tourism Commission through collections made from a 1% restaurant tax of \$271,136 and a 2% hotel tax of \$123,229.

#### (16) Joint Ventures

The County participates in the following joint ventures:

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Clarksdale-Coahoma Airport. The joint venture was created to provide airport facilities for County residents and is governed by a board of commissioners, half of the members are appointed by Coahoma County and half by the City of Clarksdale. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$27,500. Complete financial statements for the Clarksdale-Coahoma Airport can be obtained from the Clarksdale-Coahoma Airport at P.O. Box 406, Lyon, Mississippi 38645.

Coahoma County is a participant with the City of Clarksdale in a joint venture to operate the Carnegie Public Library of the City of Clarksdale and the County of Coahoma, Mississippi. The joint venture was created to provide library facilities for the County residents and is governed by a ten-member board of commissioners, with five of the members appointed by Coahoma County and five by the City of Clarksdale. The County collected \$223,051. Complete financial statements for the Carnegie Public Library of the City of Clarksdale and the County of Coahoma can be obtained at P.O. Box 280, Clarksdale, Mississippi 38614.

#### (17) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints six of the twelve members of the college board of trustees. The County collected \$1,301,456 for maintenance and support and adult education for the college in fiscal year 2018.

## COAHOMA COUNTY

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

North Delta Planning and Development District is comprised of the Counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Coahoma County Board of Supervisors appoints four of the 30 members of the board of directors. The County appropriated \$68,000 for support of the district in fiscal year 2018.

The Region I Mental Health-Mental Retardation Center operates in a district composed of the Counties of Coahoma, Quitman, Tallahatchie and Tunica. The Coahoma County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$55,250 for the support of the center in fiscal year 2018.

The Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington, and Yazoo. The Coahoma County Board of Supervisors appoints one of the twenty-one members of the board of commissioners. The County levied a .75 mill tax which resulted in \$147,923 to help finance the district in fiscal year 2018.

#### (18) No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possible an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

<u>Description</u>	<u>Balance at September 30, 2018</u>
Coahoma County, Mississippi Certificates of Participation, Series 2017	\$ 12,490,000

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

The governmental activities' unrestricted net position amount of (\$23,133,060) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$211,114 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$1,356,817 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 \$1,552,423 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of (\$23,133,060) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$335,263 balance of deferred inflows of resources at September 30, 2018, will be recognized as revenue and will increase the unrestricted net position over the next 16 years.

The governmental activities' unrestricted net position amount of (\$23,133,060) includes the effect of recognition of deferring the recognition of revenue resulting from deferred inflows from property taxes

## COAHOMA COUNTY

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

that belong to a future period. The balance of deferred inflows of resources at September 30, 2018 was \$8,209,692.

The business-type activities' unrestricted net position amount of (\$140,482) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,254 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$7,640 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 \$8,894 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 4 years.

#### (20) Tax Abatements

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

The Coahoma County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County. The County had tax abatement agreements with four entities as of September 30, 2018.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies:

27-31-105, Mississippi Code Annotated 1972  
All allowable property tax levies

<u>Category</u>	<u>Percentage of taxes abated</u>	<u>Amount of taxes abated</u>
Expansion of manufacturing facilities	72%	\$ 127,651

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

#### (22) Subsequent Events

Events that occur after the statement of net position 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 Coahoma County evaluated the activity of the County through November 22, 2019, and determined

## COAHOMA COUNTY

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

that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

The local hospital continues to suffer financial distress. Payments for the hospital's payroll obligations totaling \$2,194,349 have been paid from the Hospital Reserve Fund of the County in the 2018-2019 fiscal year. A contract with Triology was entered into to assist with Hospital issues. The contract was entered into in July 2019 for \$25,000 cost each month payable to Triology for their services.

The County purchased a building from the City of Clarksdale for \$200,000. A CDBG Grant in the amount of \$400,000 was obtained for renovations to the building. Also, a CAP loan in the amount of \$500,000 was obtained for additional financing of renovations.

A DIP Grant in the amount of \$500,000 was obtained for building improvements for Image Industries.

COAHOMA COUNTY

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## COAHOMA COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COUNTY

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COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 General Fund  
 For the Year Ended September 30, 2018  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,889,950	5,908,829	5,731,740	(177,089)
Licenses, commissions and other revenue	472,526	472,526	584,042	111,516
Fines and forfeitures	111,000	111,000	113,451	2,451
Special assessments	4,000	4,000	4,138	138
Intergovernmental revenues	3,158,708	3,066,988	2,281,223	(785,765)
Charges for services	77,491	77,491	45,444	(32,047)
Interest income	5,124	5,124	51,080	45,956
Miscellaneous revenues	676,609	677,956	812,775	134,819
Total Revenues	<u>10,395,408</u>	<u>10,323,914</u>	<u>9,623,893</u>	<u>(700,021)</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,083,389	4,262,814	3,827,504	435,310
Public safety	4,393,725	4,310,929	4,215,367	95,562
Public works	1,253,554	605,915	116,005	489,910
Health and welfare	497,498	495,623	477,709	17,914
Culture and recreation	285,228	294,228	230,628	63,600
Education	5,000		5,000	(5,000)
Conservation of natural resources	103,501	103,501	77,064	26,437
Economic development and assistance	121,170	121,170	117,169	4,001
Debt service:				
Principal	885,381	848,416		848,416
Interest		606,104	91,469	514,635
Total Expenditures	<u>11,628,446</u>	<u>11,648,700</u>	<u>9,157,915</u>	<u>2,490,785</u>
Excess of Revenues over (under) Expenditures	<u>(1,233,038)</u>	<u>(1,324,786)</u>	<u>465,978</u>	<u>1,790,764</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	3,980,778	3,986,806	3,495,370	(491,436)
Other financing uses	(3,226,482)	(3,542,421)	(2,713,574)	828,847
Total Other Financing Sources (Uses)	<u>754,296</u>	<u>444,385</u>	<u>781,796</u>	<u>337,411</u>
Net Change in Fund Balance	(478,742)	(880,401)	1,247,774	2,128,175
Fund Balances - Beginning	<u>72,653</u>	<u>(1,571,426)</u>	<u>(4,019,629)</u>	<u>(2,448,203)</u>
Fund Balances - Ending	<u>\$ (406,089)</u>	<u>(2,451,827)</u>	<u>(2,771,855)</u>	<u>(320,028)</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Road Fund  
 For the Year Ended September 30, 2018  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 707,368	707,368	566,706	(140,662)
Road and bridge privilege taxes	230,000	230,000	233,241	3,241
Licenses, commissions and other revenue	4,250	4,250	3,476	(774)
Intergovernmental revenues	725,500	725,500	703,452	(22,048)
Miscellaneous revenues	110,000	110,000	71,444	(38,556)
Total Revenues	<u>1,777,118</u>	<u>1,777,118</u>	<u>1,578,319</u>	<u>(198,799)</u>
EXPENDITURES				
Current:				
Public works	<u>2,236,110</u>	<u>2,236,110</u>	<u>2,435,837</u>	<u>(199,727)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			3,349	3,349
Other financing uses				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,349</u>	<u>3,349</u>
Net Change in Fund Balance	(458,992)	(458,992)	(854,169)	(395,177)
Fund Balances - Beginning	<u>(307,720)</u>	<u>(2,071,317)</u>	<u>(1,866,559)</u>	<u>204,758</u>
Fund Balances - Ending	<u>\$ (766,712)</u>	<u>(2,530,309)</u>	<u>(2,720,728)</u>	<u>(190,419)</u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Economic Development Authority Fund  
 For the Year Ended September 30, 2018  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 111,769	111,769	110,846	(923)
Intergovernmental revenues				-
Interest income	33,202	33,202	61,459	28,257
Miscellaneous revenues	5,000	5,000	247,479	242,479
Total revenues	<u>149,971</u>	<u>149,971</u>	<u>419,784</u>	<u>269,813</u>
EXPENDITURES				
Current:				
Economic development and assistance	95,724	119,058	180,619	(61,561)
Debt Service:				
Principal	33,202	33,202	29,479	3,723
Total Expenditures	<u>128,926</u>	<u>152,260</u>	<u>210,098</u>	<u>(57,838)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources			-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	21,045	(2,289)	209,686	211,975
Fund Balances - Beginning	<u>(1,315,726)</u>	<u>(660,029)</u>	<u>1,359,208</u>	<u>2,019,237</u>
Fund Balances - Ending	<u><u>\$(1,294,681)</u></u>	<u><u>(662,318)</u></u>	<u><u>1,568,894</u></u>	<u><u>2,231,212</u></u>

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

COAHOMA COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis) -  
 Hospital Reserve Fund  
 For the Year Ended September 30, 2018  
 Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 783,900	783,900	345,055	(438,845)
EXPENDITURES				
General government			2,498	(2,498)
Total Expenditures	-	-	2,498	(2,498)
Excess of Revenues over (under) Expenditures	783,900	783,900	342,557	(441,343)
OTHER FINANCING SOURCES (USES)				
Transfers out	(763,669)	(763,669)	(764,653)	(984)
Total Other Financing Sources (Uses)	(763,669)	(763,669)	(764,653)	(984)
Net Change in Fund Balance	20,231	20,231	(422,096)	(442,327)
Fund Balances - Beginning	44,290,972	45,032,760	44,732,541	(300,219)
Fund Balances - Ending	\$ 44,311,203	45,052,991	44,310,445	(742,546)

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

**Coahoma County, Mississippi**  
**Required Supplementary Information**  
**Schedule of the County's Proportionate Share of the Net Pension Liability PERS**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.081670%	0.078800%	0.079877%	0.081414%
County's proportionate share of the net pension liability (asset)	13,584,145	13,099,234	14,268,027	12,584,999
County's covered employee payroll	5,215,451	5,057,177	5,140,258	5,148,311
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.46%	259.02%	277.57%	244.45%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**Coahoma County, Mississippi**  
**Required Supplementary Information**  
**Schedule of County Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2018**

	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Contractually required contribution	\$ 830,446	\$ 806,745	812,288	810,859
Contributions in relation to the contractually required contribution	<u>830,446</u>	<u>806,745</u>	<u>812,288</u>	<u>810,859</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
County's covered-employee payroll	5,272,669	5,122,185	5,157,379	5,148,311
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%

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

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

## COAHOMA COUNTY

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

#### Notes to the Required Supplementary Information

##### A. Budgetary Information

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

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

##### B. Basis of Presentation

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

##### C. Budget/GAAP Reconciliation

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

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

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

# COAHOMA COUNTY

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

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Road Fund</u>	<u>Economic Development Authority Fund</u>	<u>Hospital Reserve Fund</u>
Budget (Cash Basis)	\$ 1,247,774	(854,169)	209,686	(422,096)
Increase (Decrease)				
Net adjustments for revenue accruals	(2,448,804)	830	(32,918)	1,256,893
Net adjustments for expenditure accruals	<u>2,503,620</u>	<u>(135,531)</u>	<u>71,250</u>	<u>(22,820)</u>
GAAP Basis	<u>\$ 1,302,590</u>	<u>(988,870)</u>	<u>248,018</u>	<u>811,977</u>

### D. Excess of Actual Expenditures Over Budget in Individual Funds

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2018.

<u>Fund</u>	<u>Excess</u>
Special Revenue Funds:	
Victim Assistance Fund	\$ 5,652
Triad Grant Fund	584
Economic Development Authority Fund	81,429
Waste Disposal Fund	45,663
Road Fund	199,726

All the funds listed above are in violation of Section 19-11-17, Miss. Code Ann. 1972. However, the County has no liability associated with these violations.

### E. Unbudgeted Funds

The County had the following eight funds which were not budgeted:

<u>Fund Number</u>	<u>Description</u>	<u>Expenditures</u>
045	AIP 3-28-0015-23-2016	34,656
049	Operation Crossroads	1,140
051	AIP 3-28-0014-23-2016	136,298
053	CC East Park Drainage	4,545
054	AIP 3-28-0014-024-2018	26,421
110	Election Support Fund	11,475
116	Fire Code Training	1,271
120	Special Narcotics	1,951
192	Justice Court Archives	659



## COAHOMA COUNTY

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

#### **Pension Schedules**

##### *Changes of assumptions.*

- 2017
  - The expectation of retired life mortality was changed to the RP-2014 Health Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disable lives.
  - The wage inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirements rates were also adjusted to more closely reflect actual experience.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
  - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

##### *Changes in benefit provisions*

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

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

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

## COAHOMA COUNTY

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## COAHOMA COUNTY

## SUPPLEMENTARY INFORMATION

## COAHOMA COUNTY

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COAHOMA COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
Passed-through Mississippi Department of Public Safety			
Office for Victims of Crimes			
Crime Victim Assistance	16.575	2016 VA GX 0024	\$ 31,065
Total U.S. Department of Justice			<u>31,065</u>
<b>U.S. Department of Transportation</b>			
Federal Aviation Administration - Direct Awards			
Airport Improvement Program	20.106	3-28-0014-023-2016	122,668
Airport Improvement Program	20.106	3-28-0014-024-2018	24,818
Airport Improvement Program	20.106	3-28-0015-023-2016	31,191
Highway Planning and Construction Cluster			
Federal Highway Administration			
Passed-through Mississippi Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STP-0052-00(011)	14,647
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STP-0014-00(015)	244,811
Passed-through Mississippi Department of Wildlife, Fisheries and Parks			
Recreational Trails Program	20.219	28-RTP-241	153,462
Total Highway Planning and Construction Cluster			<u>412,920</u>
National Highway Safety Administration			
Passed-through Mississippi Department of Transportation			
Alcohol Open Container Requirements	20.607	154AL-2018-ST-11-41	624
Total U.S. Department of Transportation			<u>592,221</u>
<b>U.S. Department of Homeland Security</b>			
Federal Emergency Management Agency			
Passed-through Mississippi Emergency Management Agency			
Hazard Mitigation Grant	97.039	1604-514	* <u>1,305,900</u>
Total Expenditures of Federal Awards			<u>\$ 1,929,186</u>

\* Denotes major federal award program

NOTES TO SCHEDULE

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Coahoma County under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Coahoma County, it is not intended and does not present the financial position, changes in net assets, or cash flows of Coahoma County, Mississippi.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - De Minimis Indirect Cost Rate

Coahoma County has elected not to use the 10 percent *de minimus* indirect cost rate allowed under the Uniform Guidance.

## COAHOMA COUNTY

## OTHER INFORMATION

## COAHOMA COUNTY

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COAHOMA COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2018  
UNAUDITED

Name	Position	Company	Bond
Paul Pearson	Supervisor District 1	Travelers	\$ 100,000
Pat Davis	Supervisor District 2	Travelers	100,000
Darrell Washington	Supervisor District 3	Western Surety	100,000
John Newson	Supervisor District 4	Brierfield	100,000
Will Young	Supervisor District 5	Brierfield	100,000
Morgan Wood	County Administrator	Brierfield	100,000
Brenetta Hoskins	Comptroller	Western Surety	100,000
Felicia Elmore	Payroll Clerk	Brierfield	50,000
Carolyn Parham	Chancery Clerk	Brierfield	100,000
Gwendolyn Horton	Chancery Clerk Deputy	Western Surety	100,000
Lakistsha Jordan	Chancery Clerk Deputy	Western Surety	50,000
Catrina S Neal	Chancery Clerk Deputy	Western Surety	50,000
Sally McNeese	Chancery Clerk Deputy	Western Surety	50,000
Alice Foster	Purchase Clerk	Western Surety	75,000
Benita Myles	Receiving Clerk	Western Surety	75,000
Nancy Chiles	Assistant Receiving Clerk	Western Surety	50,000
Mary Dilley	Assistant Receiving Clerk	Western Surety	50,000
Darlene Lake	Assistant Receiving Clerk	Western Surety	50,000
Lester Myles	Assistant Receiving Clerk	Western Surety	50,000
John Tarzi	Assistant Receiving Clerk	Western Surety	50,000
Otis Griffin	Assistant Receiving Clerk	Brierfield	50,000
Reginle Booker	Assistant Receiving Clerk	Western Surety	50,000
Stanley Lynom	Assistant Receiving Clerk	Brierfield	50,000
Catrina S Neal	Assistant Receiving Clerk	Western Surety	50,000
Otis Griffin	Road Manager	Brierfield	50,000
John Rybolt III	Constable	Western Surety	50,000
Floyd Williams	Constable	Brierfield	50,000
Demetria Jackson	Circuit Clerk	Brierfield	100,000
Nancy Chiles	Circuit Clerk Deputy	Brierfield	50,000
Jessica Gills	Circuit Clerk Deputy	Brierfield	50,000
Charles Jones	Sheriff	Brierfield	100,000
Barbara Johnson	Sheriff Bookkeeper/Receiving	Western Surety	50,000
Brenda Prewitt	Sheriff Deputy	Brierfield	50,000
Fernando Bee	Sheriff Deputy	Western Surety	50,000
Mario Magsby	Sheriff Deputy	Western Surety	50,000
Neal Mitchell	Sheriff Deputy	Brierfield	50,000
Oliver Mitchell	Sheriff Deputy	Brierfield	50,000
Jessie Burton	Justice Court Judge	Brierfield	50,000
Anthony Rogers	Justice Court Judge	Brierfield	50,000
Tyrus Jones	Deputy Justice Court Clerk	Western Surety	50,000
Darlene Lake	Justice Court Clerk	Western Surety	50,000

COAHOMA COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2018  
UNAUDITED

Name	Position	Company	Bond
Mary Johnson	Deputy Justice Court Clerk	Western Surety	50,000
Reginle Booker	Deputy Justice Court Clerk	Western Surety	50,000
Hattie Shivers	Tax Collector-Assessor	Brierfield	100,000
Willie Hogan	Deputy Treasurer	Western Surety	100,000
Cierra Citchens	Tax Collector Deputy	Western Surety	50,000
Genie Wall	Tax Collector Deputy	Brierfield	50,000
Janice Blaine	Tax Collector Deputy	Brierfield	50,000
Scotty Meredith	Corner	Employers Mutual Casualty	50,000
Roger Harris	Assistant Corner	Brierfield	50,000
Frances Shaffett	Youth Court Reporter	Western Surety	10,000
Kendrick Travis	Youth Outreach Director	Brierfield	50,000
Lasonia Thompson	Youth Outreach Clerk	Western Surety	10,000
Terry Smith	Surveyor	Brierfield	50,000

## COAHOMA COUNTY

## SPECIAL REPORTS

## COAHOMA COUNTY

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

Members of the Board of Supervisors  
Coahoma County, Mississippi

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Coahoma County, Mississippi, (the County) as of and for the year ended September 30, 2018, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 22, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying Schedule of Findings and Questioned Costs we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Cost as items 2018-001 and 2018-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003 and 2018-004 to be significant deficiencies.

**Compliance and Other Matters**

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

We also noted a certain matter that we reported to management of Coahoma County, Mississippi, in the Limited Internal Control and Compliance Review Management Report, dated November 22, 2019, included within this document.

### **Coahoma County's Responses to Findings**

Coahoma County, Mississippi's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 22, 2019

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

Members of the Board of Supervisors  
Coahoma County, Mississippi

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

We have audited Coahoma County, Mississippi's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Coahoma County, Mississippi's major federal program for the year ended September 30, 2018. The County'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Coahoma 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 the County'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 of Coahoma County, Mississippi's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Coahoma 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.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Cost as item 2018-005. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of Coahoma 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 the County'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 the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-005, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this report**

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.

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 22, 2019



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

Members of the Board of Supervisors  
Coahoma County, Mississippi

We have examined Coahoma County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Coahoma 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 Coahoma 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 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, Coahoma 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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 22, 2019

COAHOMA COUNTY

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.

COAHOMA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2018

Schedule 2

Our test results did not identify any emergency purchases.

COAHOMA COUNTY

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.

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Coahoma County, Mississippi

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

In addition, for areas not considered material to Coahoma 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 November 22, 2019 on the financial statements of Coahoma County, Mississippi.

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

The results of our review procedures and compliance tests identified a certain area that is an opportunity for strengthening internal control and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Chancery Clerk

### 1. Minutes

#### Finding

Code section 19-3-27, *Mississippi Code of 1972 Annotated* provides the clerk of the Board of Supervisors to keep and preserve a complete and correct record of all the proceedings and orders to the Board. The minutes should be adopted and approved by the Board of Supervisors as the first order of business on the first day of the next monthly meeting of the Board. Books 250 and 251 contained minutes which were inserted upside down in the book. Certain of the minutes were not signed. Certain minutes appeared not to be complete because administrative notes were on pages which contained instructions of items that needed to be completed. On one occasion no attachments to the minutes were included. On another occasion the attachments were presented before the minutes.

#### Recommendation

These books should be reviewed and necessary corrections should be made for them to be in good order.

#### Chancery Clerk's Response

I had new members of my staff helping with the recording of the minutes. The minutes have or will be corrected. As to no attachments not included, the majority of the attachments are provided to me by the Administrator. It is a possibility that the attachments were not available at the time of recording.

Board of Supervisors

2. Budget

Finding

Code section 19-11-11 *Mississippi Code of 1972 Annotated* provides that the total expenditures of each fund should be budgeted. We noted that the following funds and amounts were not budgeted:

Fund 045 AIP 3-28-0015-23-2016	\$34,656
Fund 049 Operation Crossroads	1,140
Fund 051 AIP 3-28-0014-23-2016	136,298
Fund 054 AIP 3-28-0014-024-2018	26,421
Fund 110 Election Support Fund	11,475
Fund 120 Special Narcotics	1,951
Fund 192 Justice Court Archives	659

Recommendation

Comply with Code Section 19-11-11 *Mississippi Code of 1972 Annotated*.

Board of Supervisor's Response

Airport Grants 45,51, and 54 were grants that we were waiting on reimbursement to come in and we did not received until after the new budget started. We are working to budget more efficiently for emergencies and projects.

3. Budget

Finding

Code Section 19-11-17, *Mississippi Code of 1972 Annotated* provides that no expenditures shall be made in excess of budget estimates as finally determined by the board of supervisors. The following funds had actual expenditures in excess of budgeted expenditures for the year ended September 30, 2018:

Fund 036 Victim Assistance Fund	\$5,652
Fund 043 Triad Grant	584
Fund 101 Economic Development Authority Fund	81,429
Fund 105 Waste Disposal Fund	45,663
Fund 150 Road Fund	199,726

Recommendation

Comply with Code Section 19-11-17 *Mississippi Code of 1972 Annotated*

Board of Supervisor's Response

We will amend budgets at the end of each budget year.

Coahoma County'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.

*Ellis & Hirsberg CPA's PLLC*

Ellis & Hirsberg CPA's PLLC  
Clarksdale, Mississippi  
November 22, 2019

## COAHOMA COUNTY

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COAHOMA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## COAHOMA COUNTY

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## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2018

#### Section 1: Summary of Auditor's Results

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

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued on the financial statements:                              | Unmodified |
| 2. | Internal control over financial reporting:  |            |
|    | a. Material weaknesses identified?  | Yes        |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses. | Yes        |
| 3. | Noncompliance material to the financial statements?                                       | No         |

##### ***Federal Awards:***

- |    |  |            |
|----|--|------------|
| 4. | Internal control over major programs:  |            |
|    | a. Material weaknesses identified?   | No         |
|    | b. Significant deficiency identified that is not considered to be a material weakness?             | Yes        |
| 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)? | Yes        |
| 7. | Federal programs identified as major programs:   |            |
|    | a. Hazard Mitigation Grant, CFDA# 97.039   |            |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                       | \$750,000  |
| 9. | Auditee qualified as a low-risk auditee?   | No         |

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2018

#### Section 2: Financial Statement Findings

##### Board of Supervisors

##### Material Weaknesses

##### 2018-001      Finding

##### Criteria

An effective internal control system over financial statement preparation and reporting in accordance with generally accepted accounting principles should enable a government to properly prepare and present financial statements, notes to the financial statements, required supplementary information and supplementary information as required by accounting principles generally accepted in the United States of America.

##### Condition

The County does not have in place the necessary internal control structure to properly prepare and present its financial statements in accordance with accounting principles generally accepted in the United States of America. This condition is essentially a repeat of prior year findings 2015-001, 2016-001 and 2017-001.

##### Cause

During the year, the County experienced a change in the Comptroller position.

##### Effect

A Comptroller has more detail knowledge of the day to day County operations. The financial statement preparation could be done more efficiently and timely by a Comptroller.

##### Recommendation

Due to the complex nature of the County's report, the County should put into place controls which allow its own personnel to draft the financial statements, notes to the financial statements, schedule of expenditures of federal awards, and necessary supplementary information. Another option would be to outsource this task to another firm or qualified individual.

##### View of Responsible Officials

The County is looking into the cost benefit in performing these functions internally.

##### 2018-002      Finding

##### Criteria

Interfund loans are made by the County to alleviate the need for external financing. Loans expected to be repaid within one year are classified as "Due to/Due from other funds". Loans to be repaid over a term of years are classified as "Advances to/Advances from other funds". Proper internal controls provide that the board of supervisors should approve interfund loans whether short-term or long-term.

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2018

#### Condition

The list of funds requiring interfund loans for the year ending September 30, 2018 was not complete. The list provided totaled approximately \$1,470,000. The list should have totaled \$10,390,659. In addition, some funds have amounts classified as short-term or “Due to/Due from other funds” which based on history should be classified as advances.

#### Cause

Personnel changes during the year and a lack of understanding of the established approval process contributed to the condition.

#### Effect

An incomplete list of interfund loans can lead to a misunderstanding of the financial condition of a particular fund and for the County as a whole.

#### Recommendation

A complete list of short-term loans needed should be provided to the Board for approval. The loans classified as Due to/Due from other funds should be reviewed to determine which amounts should be reclassified as advances and a method for repayment established.

#### View of Responsible Officials

Board is working on plans to pay funds back. The plans will involve developing amortization schedules and recharacterizing amounts as advances.

#### Significant deficiencies

2018-003

#### Finding

#### Criteria

Fund balance has been referred to in accounting literature as the health of the fund. A positive fund balance means that over time conditions have been favorable for the fund. A negative fund balance indicates conditions have not been favorable and that some type of future action may become necessary.

#### Condition

Note 13 to the financial statements provides a list of funds that over time have developed a negative fund balance. This condition was previously reported in Finding 2017-004.

#### Cause

In some of the negative fund balance cases the County has had grants for particular projects. The projects may have contained a local match provision. Some of the negative fund balances could represent a transfer which has not taken place to the fund to clear up a match the County made. Other funds may need a case by case evaluation to determine why their fund balance is negative. As these balances have developed over time it will take time in some of the cases to bring the funds back to at least a zero fund balance.

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2018

#### Effect

The effect of a negative fund balance is a draining of resources. Some may represent a planned occurrence while others may not.

#### Recommendation

A review of the negative balances should be made and appropriate actions should begin to correct the negative fund balances to at least a zero balance.

#### Views of Responsible Officials

The previous administration and comptroller did not perform the necessary accounting procedures to correct this action. The new administration and comptroller are working to correct these problems.

#### Tax Assessor/Collector

2018-004

#### Finding

#### Criteria

Daily deposits are supported by documentation which shows who money was collected from and for the purpose or type of tax for which it was collected. In the past the documentation was in the form of daily printouts from the computer system. Current methods of documentation could provide for some type of electronic documents to alleviate the need for paper. Appropriate documentation should also exist to support any amounts which are paid with credit cards.

#### Condition

The month of April 2018 was selected as the test month to determine if adequate documentation existed to support deposits and if the amounts deposited agreed to daily collection recaps. Only one of the clerks maintained documentation showing who money was collected from and for what purpose. All clerks but one maintained documentation of amounts paid by credit card. The software company was contacted to determine if the information needed could be retrieved. Motor vehicle collection data could be retrieved; however, real, personal, and mobile home data could not be retrieved.

#### Cause

The cause appears to result from the need to eliminate paper and the extra work that keeping and filing paper causes.

#### Effect

The ability to have a trail whether on paper or through electronic means is necessary in the event an error or fraud occurs. The means to determine which clerk collected money from whom on a particular day is necessary for an effective audit trail.

#### Recommendation

Support for daily collections should be maintained on paper or through a process of scanning and filing the documents electronically on a daily basis. A software routine that would retrieve the data

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2018

would also be acceptable. Safeguards would be necessary for the latter option in case the software provider changes. Often times when a software vendor is changed, the data is no longer accessible.

#### Views of Responsible Officials

We concur with the auditor's recommendations, and the following actions will be taken for future improvements. We will require each clerk to provide adequate documentation concerning their daily collections to be deposited. Each clerk will be required to provide credit card receipts and daily check-up sheet along with their daily recaps each day. Data relating to clerks' daily collections is also stored electronically for future retrieval. Each clerk will be advised of these recommendations. These changes will take effect on October 1, 2019.

#### Section 3: Federal Award Findings and Questioned Costs

##### Significant Deficiency/immaterial noncompliance

2018-005

##### Finding

##### Program

CFDA 97.039, Hazard Mitigation Grant, Passed-through Mississippi Emergency Management Agency

##### Compliance Requirement

Reporting

##### Criteria

The Uniform Guidance Section 200-512 provides that the audit report and data collection form should be completed within nine months of year end.

##### Condition

The audit report and data collection forms were not completed within the required time frame.

##### Cause

As noted in Finding 2018-001, the County lacks a proper internal control system which will result in the timely preparation of its financial statements and its data collection form.

##### Possible effect

The possible effect of the condition could lead to temporary or permanent loss of future grant funds.

##### Questioned Costs

None

## COAHOMA COUNTY

### Schedule of Findings and Questioned Costs For the year ended September 30, 2018

#### Perspective

Governmental accounting has become a very complex environment. Preparation of governmental financial statements involves knowledge of the standards issued by the Government Accounting Standards Board. The County should either have on staff an individual with the necessary knowledge, skill and experience to prepare financial statements or the job should be outsourced to an appropriate party with the knowledge, skills and experience to provide such a service.

#### Repeat finding

The finding is similar to Finding 2017-005 in the prior year. The prior year finding was reported for federal programs – CFDA 20.106, Direct Award, Airport Improvement Program; CFDA 20.205, Highway Planning and Construction (Federal Aid Highway Program), Passed-through Mississippi Department of Transportation; and CFDA 20.219, Recreational Trails Program, Passed-through Mississippi Department of Wildlife, Fisheries and Parks.

#### Recommendation

Financial statements and the data collection form should be completed within nine months of year end in those years federal expenditures are in excess of \$750,000.

#### Views of Response Officials

The County is looking into the cost benefit in performing these functions internally.



COAHOMA COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN  
AND  
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS

COAHOMA COUNTY

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# Coahoma County

## Board of Supervisors

Paul Pearson, President  
District 1  
Johnny Newson, District 4  
Vice President  
Pat Davis, District 2  
Derrel Washington, District 3  
Will Young, District 5

Morgan Wood  
**County Administrator**  
Tom T Ross, Jr.  
**Board Attorney**

P.O. Box 579  
Clarksdale, MS 38614  
662.624.3028 – office  
662.624.3029 – fax  
ccadmin@cableone.net

### AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 200.511 of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Coahoma County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questions Costs for the year ended September 30, 2018.

Finding	Corrective Action Plan
---------	------------------------

2018-001	a. Name of contact person responsible for corrective action:
----------	--

	Name: Morgan Wood Title: County Administrator Phone: 662-624-3028
--	---

	b. Corrective Action Planned:
--	-------------------------------

	The County is looking into the cost benefit in performing these functions internally.
--	---

	c. Anticipated Completion Date:
--	---------------------------------

	September 30, 2020
--	--------------------

2018-002	a. Name of contact person responsible for corrective action:
----------	--

	Name: Morgan Wood Title: County Administrator Phone: 662-624-3028
--	---

	b. Corrective Action Planned:
--	-------------------------------

	Board is working on plans to pay funds back. The plans will involve developing amortizations and recharacterizing amounts as advances.
--	--

	c. Anticipated Completion Date:
--	---------------------------------

	September 30, 2019
--	--------------------

- 2018-003 a. Name of contact person responsible for corrective action:

Name: Morgan Wood  
Title: County Administrator  
Phone: 662-624-3028

- b. Corrective Action Planned:

The previous administration and comptroller during this FY did not perform the necessary accounting procedures to correct this action. The new administration and comptroller are working to correct these problems.

- c. Anticipated Completion Date:

September 30, 2019

- 2018-004 a. Name of contact person responsible for corrective action:

Name: Hattie Shivers  
Title: Tax Assessor / Collector  
Phone:

- b. Corrective Action Planned:

We concur with the auditor's recommendations, and the following actions will be taken for future improvements. We will require each clerk to provide adequate documentation concerning their daily collections to be deposited. Each clerk will be required to provide credit card receipts and daily check-up sheets along with their daily recaps each day. Data relating to clerks' daily collections is also stored electronically for future retrieval. Each clerk will be advised of these recommendations. These changes will take effect on October 1, 2019.

- c. Anticipated Completion Date:

September 30, 2019

- 2018-005 a. Name of contact person responsible for corrective action:

Name: Morgan Wood  
Title: County Administrator  
Phone: 662-624-3028

- b. Corrective Action Planned:

The County is looking into the cost benefit of different options.

- c. Anticipated Completion Date:

September 30, 2020

Signature

Title



# Coahoma County

## Board of Supervisors

Paul Pearson, President  
District 1  
Johnny Newson, District 4  
*Vice President*  
Pat Davis, District 2  
Derrel Washington, District 3  
Will Young, District 5

Morgan Wood  
**County Administrator**  
Tom T Ross, Jr.  
**Board Attorney**

P.O. Box 579  
Clarksdale, MS 38614  
662.624.3028 – office  
662.624.3029 – fax  
ccadmin@cableone.net

### AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS 2 CFR 200.511(b)

#### Finding

2016-001

2017-001 Summary

Financial Statement Preparation

#### Status

Not corrected.

#### Additional Information

Consideration is being given, however, no conclusion has been reached.

2017-002 Summary

Negative cash amounts.

#### Status

Corrective action taken and finding is fully corrected.

#### Additional Information

N/A

Finding

2016-004

2017-003

2017-005 Summary

Audit Report and Data Collection Completion

Status

Not corrected.

Additional Information

Options for timely completion are being considered.

2017-004 Summary

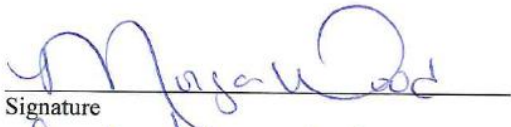
Negative fund balances.

Status

Partially corrected.

Additional Information

County is working within budget parameters to correct funds with negative fund balance.

  
Signature

  
Title

