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Copiah County, Mississippi

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

Fortenberry & Ballard, PC
Certified Public Accountants

Copiah County, Mississippi
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Copiah County Location in Mississippi



Copiah County is located in the southwestern region of the United States state of Mississippi. As of 2010, the population was 29,449. Its county seat is Hazlehurst. Copiah County covers 779 square miles, of which 777 square miles is land and 2 square miles is water.

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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Copiah County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

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

Unmodified Opinions

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Information

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 10, 2020 on our consideration of the Copiah County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Copiah County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copiah County, Mississippi's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 10, 2020

Certified Public Accountants

FINANCIAL STATEMENTS

COPIAH COUNTY, MISSISSIPPI

Statement of Net Position

September 30, 2018

Exhibit 1

	Governmental Activities
ASSETS	
Cash	\$ 5,439,546
Property tax receivable	12,233,190
Accounts receivable (net of allowance for uncollectibles of \$1,274,989)	686,535
Fines receivable (net of allowance for uncollectibles of \$950,502)	33,832
Capital leases receivable	2,223,677
Intergovernmental receivables	155,907
Other receivables	17,775
Capital assets:	
Land and construction in progress	1,666,496
Other capital assets, net	62,332,903
Total Assets	<u>84,789,861</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	964,383
Deferred amount on refunding	132,525
Total deferred outflows of resources	<u>1,096,908</u>
 LIABILITIES	
Claims payable	651,210
Intergovernmental payables	807,153
Accrued interest payable	106,890
Unearned revenue	18,340
Amounts held in custody for others	55,482
Long-term liabilities	
Due within one year:	
Capital debt	969,455
Non-capital debt	544,149
Due in more than one year:	
Capital debt	18,971,789
Non-capital debt	3,798,860
Net pension liability	11,545,610
Total Liabilities	<u>37,468,938</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred revenue - property taxes	12,233,190
Deferred revenue - capital leases	428,835
Deferred inflows related to pensions	868,979
Total Deferred Inflows of Resources	<u>13,531,004</u>
 NET POSITION	
Net investment in capital assets	44,190,680
Restricted for:	
Public safety	842,025
Public works	4,751,813
Culture and recreation	18,285
Economic development	21,500
Debt service	232,667
Unrestricted	(15,170,143)
Total Net Position	<u>\$ 34,886,827</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Governmental activities:					
General government	\$ 3,838,885	925,283	149,367		(2,764,235)
Public safety	3,994,091	526,115	194,472		(3,273,504)
Public works	7,157,068	1,257,226	811,688	216,911	(4,871,243)
Health and welfare	281,945		54,974		(226,971)
Culture and recreation	168,428	9,020	13,667		(145,741)
Education	29,251		29,251		0
Conservation of natural resources	99,292				(99,292)
Economic development and assistance	139,701				(139,701)
Interest on long-term debt	956,415				(956,415)
Pension expense	1,640,748				(1,640,748)
Total Governmental Activities	<u>18,305,824</u>	<u>2,717,644</u>	<u>1,253,419</u>	<u>216,911</u>	<u>(14,117,850)</u>
General revenues:					
Property taxes				\$	11,234,155
Road & bridge privilege taxes					373,050
Grants and contributions not restricted to specific programs					541,441
Unrestricted interest income					111,494
Miscellaneous					535,865
Total General Revenues					<u>12,796,005</u>
Changes in Net Position					(1,321,845)
Net Position - Beginning, as previously reported					36,199,940
Prior period adjustment					8,732
Net Position - Beginning, as restated					<u>36,208,672</u>
Net Position - Ending				\$	<u>34,886,827</u>

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

COPIAH COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2018

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge and Culvert Fund	McNeely Plastic CAP Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 712,737	1,225,138	1,157,789	11,624	2,332,258	5,439,546
Property tax receivable	6,233,510	2,543,343	1,150,154		2,306,183	12,233,190
Accounts receivable (net of allowance for uncollectibles of \$1,274,989)					686,535	686,535
Fines receivable (net of allowance for uncollectables of \$950,502)	33,832					33,832
Capital lease receivable				1,915,176	308,501	2,223,677
Intergovernmental receivables	155,413	494				155,907
Other receivables	17,775					17,775
Due from other funds		1,641,685	49,734		73,890	1,765,309
Advances to other funds	78,951	169,912			17,500	266,363
Total Assets	\$ 7,232,218	5,580,572	2,357,677	1,926,800	5,724,867	22,822,134
LIABILITIES						
Liabilities:						
Claims payable	\$ 257,267	140,188	109,863		143,892	651,210
Intergovernmental payables	481,571	286,894				768,465
Due to other funds	712,437				1,091,560	1,803,997
Advances from other funds	17,500				248,863	266,363
Unearned revenue					18,340	18,340
Amounts held in custody for others	55,482					55,482
Total Liabilities	1,524,257	427,082	109,863	0	1,502,655	3,563,857
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 6,233,510	2,543,343	1,150,154		2,306,183	12,233,190
Unavailable revenue - accounts receivable					686,535	686,535
Unavailable revenue - fines	33,832					33,832
Unavailable revenue - capital leases				1,915,176	308,501	2,223,677
Total Deferred Inflows of Resources	6,267,342	2,543,343	1,150,154	1,915,176	3,301,219	15,177,234
FUND BALANCES						
Nonspendable:						
Advances	78,951					78,951
Restricted for:						
Public safety					842,025	842,025
Public works		2,610,147	1,097,660		1,044,006	4,751,813
Culture and recreation					18,285	18,285
Economic development and assistance					21,500	21,500
Debt service				11,624	327,933	339,557
Unassigned	(638,332)				(1,332,756)	(1,971,088)
Total Fund Balances	(559,381)	2,610,147	1,097,660	11,624	920,993	4,081,043
Total Liabilities, Deferred Inflows of Resources and Fund Balance						
	\$ 7,232,218	5,580,572	2,357,677	1,926,800	5,724,867	22,822,134

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

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

Total Fund Balance of Governmental Funds	\$	4,081,043
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$92,882,087.		63,999,399
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Solid waste accounts receivables		686,535
Fines receivables		33,832
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(24,284,253)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(11,545,610)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(106,890)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,794,842
Deferred amount on refunding		132,525
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		964,383
Deferred inflows of resources related to pensions		(868,979)
Total Net Position of Governmental Activities	\$	<u><u>34,886,827</u></u>

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

COPIAH COUNTY, MISSISSIPPIExhibit 4

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

For the Year Ended September 30, 2018

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge and Culvert Fund	McNeely Plastic CAP Loan Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 6,149,307	2,243,320	1,177,361		1,664,167	11,234,155
Road and bridge privilege taxes		373,050				373,050
Licenses, commissions and other revenue	348,020				52,603	400,623
Fines and forfeitures	257,862				21,754	279,616
Intergovernmental revenues	625,692	938,536			447,543	2,011,771
Charges for services	514,098	2,000			1,493,884	2,009,982
Interest income	63,828			45,647	2,019	111,494
Miscellaneous revenues	166,639	50,138			10,736	227,513
Total Revenues	<u>8,125,446</u>	<u>3,607,044</u>	<u>1,177,361</u>	<u>45,647</u>	<u>3,692,706</u>	<u>16,648,204</u>
EXPENDITURES						
Current:						
General government	3,319,959				419,252	3,739,211
Public safety	3,370,273				652,650	4,022,923
Public works	354,314	4,123,775	1,212,905		1,631,503	7,322,497
Health and welfare	222,098					222,098
Culture and recreation	148,955				19,473	168,428
Education	29,251					29,251
Conservation of natural resources	102,277					102,277
Economic development and assistance	139,701					139,701
Debt service:						
Principal	308,046	302,260	14,566	64,829	883,232	1,572,933
Interest	167,297	32,548	2,695	45,647	500,410	748,597
Bond issue costs					178,347	178,347
Total Expenditures	<u>8,162,171</u>	<u>4,458,583</u>	<u>1,230,166</u>	<u>110,476</u>	<u>4,284,867</u>	<u>18,246,263</u>
Excess of Revenues over (under) Expenditures	<u>(36,725)</u>	<u>(851,539)</u>	<u>(52,805)</u>	<u>(64,829)</u>	<u>(592,161)</u>	<u>(1,598,059)</u>
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	46,957	695,424				742,381
Refunding bonds issued					4,950,000	4,950,000
Proceeds from sale of capital assets	2,640	415,030				417,670
Premiums on bonds issued					34,763	34,763
Transfers in					60,266	60,266
Transfers out					(60,266)	(60,266)
Lease principal payments				64,829	45,981	110,810
Payment to bond refunding escrow agent					(4,806,416)	(4,806,416)
Total Other Financing Sources (Uses)	<u>49,597</u>	<u>1,110,454</u>	<u>0</u>	<u>64,829</u>	<u>224,328</u>	<u>1,449,208</u>
Net Changes in Fund Balances	<u>12,872</u>	<u>258,915</u>	<u>(52,805)</u>	<u>0</u>	<u>(367,833)</u>	<u>(148,851)</u>
Fund Balances - Beginning	<u>(572,253)</u>	<u>2,351,232</u>	<u>1,150,465</u>	<u>11,624</u>	<u>1,288,826</u>	<u>4,229,894</u>
Fund Balances - Ending	<u>\$ (559,381)</u>	<u>2,610,147</u>	<u>1,097,660</u>	<u>11,624</u>	<u>920,993</u>	<u>4,081,043</u>

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

COPIAH COUNTY, MISSISSIPPIExhibit 4-1

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

Net Changes in Fund Balances - Governmental Funds \$ (148,851)

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 \$2,136,831 exceeded capital outlays of \$1,485,999 in the current period. (650,832)

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$308,352 and the proceeds from the sale of capital assets of \$417,670 in the current period. (109,318)

Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. (3,631)

Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting. 31,054

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$6,367,933 exceeded debt proceeds of \$742,381. 5,625,552

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

The amount of increase in compensated absences liability	(8,254)
The amount of increase in accrued interest payable	(13,357)
The issuance of refunding bond	(4,950,000)
The issuance of refunding bond premium	(34,763)
The amortization of bond premiums	11,006
The amortization of general obligation bonds discount	(6,241)
The issuance of deferred refunding charges	11,416
The amortization of deferred refunding charges	(20,879)

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases. (110,810)

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	(1,640,748)
Recording of contributions made through the measurement date	522,177
Recording of contributions made subsequent to the measurement date	174,634

Change in Net Position of Governmental Activities \$ (1,321,845)

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

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

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 522,172
Other receivables	393
Due from other funds	38,925
Total Assets	\$ <u><u>561,490</u></u>
LIABILITIES	
Intergovernmental payables	\$ 264,947
Due to other funds	237
Amounts held in custody for others	296,306
Total Liabilities	\$ <u><u>561,490</u></u>

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

Copiah County, Mississippi

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

COPIAH COUNTY, MISSISSIPPI

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Copiah County Economic Development District
- Hardy Wilson Memorial Hospital
- Copiah-Jefferson Regional Library

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
- Tax Collector
- Sheriff

B. Individual Component Unit Disclosures

Blended Component Units

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

COPIAH COUNTY, MISSISSIPPI

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

Central Mississippi Public Improvement Corporation was incorporated as a nonprofit corporation under Section 31-8-3, Miss. Code Ann. (1972), which allows counties to enter into lease agreements with any corporation. The corporation produces a financial benefit through its ability to acquire, construct, finance, equip and lease facilities to the primary government and impose a financial burden on the primary government by obligating funds to repay the debt pursuant to a lease agreement.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

COPIAH COUNTY, MISSISSIPPI

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

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

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

The County reports the following major Governmental Funds:

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

Countywide Road Maintenance Fund - This fund is used to account for the maintenance and preservation of local roads financed with various revenue sources restricted for this purpose.

Countywide Bridge and Culvert Fund - This fund is used to account for the maintenance and preservation of local bridges and culverts financed with various revenue sources restricted for this purpose.

McNeely Plastic CAP Loan Fund – This fund is used to account for capital lease payments restricted for the payment of principal and interest of a CAP loan.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

COPIAH COUNTY, MISSISSIPPI

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

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

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

FIDUCIARY FUND TYPES

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

COPIAH COUNTY, MISSISSIPPI

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

receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

COPIAH COUNTY, MISSISSIPPI

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

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 14 for additional details.

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

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

Unavailable revenue – accounts receivable – 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 14 for additional details.

Deferred revenues – 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.

COPIAH COUNTY, MISSISSIPPI

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

K. Pensions.

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

L. Long-term Liabilities.

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

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

COPIAH COUNTY, MISSISSIPPI

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

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 the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

Fund Balance Flow Assumption:

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

COPIAH COUNTY, MISSISSIPPI

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

then unassigned amounts.

N. Property Tax Revenues:

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

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

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

O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated Absences.

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

COPIAH COUNTY, MISSISSIPPI

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

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions of this standard has been incorporated into the financial statements and notes. The County does not have any OPEB plans.

(2) Prior Period Adjustments

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

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correctly present capital assets.	\$ <u>8,732</u>

(3) Deposits.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$5,961,718 and the bank balance was \$6,338,639. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

COPIAH COUNTY, MISSISSIPPI

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 549,888
Countywide Road Maintenance Fund	Other Governmental Funds	1,091,560
Countywide Road Maintenance Fund	Agency Funds	237
Countywide Bridge and Culvert Fund	General Fund	49,734
Other Governmental Funds	General Fund	73,890
Agency Funds	General Fund	38,925
		<hr/>
Total		\$ <u><u>1,804,234</u></u>

The receivables represent the tax revenue collected in September 2018, but not settled until October, 2018 and to cover cash deficits in the General Fund, the Copiah Co. Jail Series 2012 Fund, the Drug Court Fund, the Airport Proj #28-0023-0203GRT Fund, the Reappraisal Maintenance Fund, the E-911 Service Fund, the RIF – Rural Impact Funds Fund, the Road Dept. Overlay 2015/2015 Fund, the Tourism Dept. Fund, the Refunding Gen Obligation 2016, and the Clearing Fund – Schools & Cities. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 78,951
Countywide Road Maintenance Fund	Other Governmental Funds	169,912
Other Governmental Funds	General Fund	17,500
		<hr/>
Total		\$ <u><u>266,363</u></u>

The purpose of the advances was to cover a deficit in the Road and Bridge Series Fund 2007 and revenues recorded incorrectly.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	\$ <u><u>60,266</u></u>

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

COPIAH COUNTY, MISSISSIPPI

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

(5) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 137,651
Reimbursement for housing prisoners	13,436
Reimbursement for welfare	3,756
Reimbursement for youth court	570
National Forest Distributions	494
	<hr/>
Total Governmental Activities	\$ <u>155,907</u>

(6) Accounts and Fines Receivables.

At September 30, 2018, accounts and fines receivable consisted of:

	Governmental Activities		
	General Fund	Other Governmental Funds	Total
Solid waste accounts receivable	\$	1,961,524	\$ 1,961,524
Allowance for uncollectibles		<u>(1,274,989)</u>	<u>(1,274,989)</u>
Accounts receivable, net	\$	<u>686,535</u>	\$ <u>686,535</u>
Fines receivable	\$ 984,334		\$ 984,334
Allowance for uncollectibles	<u>(950,502)</u>		<u>(950,502)</u>
Fines receivable, net	\$ <u>33,832</u>		\$ <u>33,832</u>

COPIAH COUNTY, MISSISSIPPI

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

(7) Capital Assets.

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

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
GOVERNMENTAL ACTIVITIES					
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,666,496				1,666,496
Total non-depreciable capital assets	1,666,496	0	0	0	1,666,496
<u>Depreciable capital assets:</u>					
Infrastructure	115,136,197				115,136,197
Buildings	19,684,089				19,684,089
Improvements other than buildings	7,379,405				7,379,405
Mobile equipment	8,269,541	343,425	545,324	399,101	8,466,743
Furniture & equipment	1,357,964	16,273	22,171		1,352,066
Leased property under capital lease	2,792,153	1,126,301	390,668	(331,296)	3,196,490
Total depreciable capital assets	154,619,349	1,485,999	958,163	67,805	155,214,990
<u>Less accumulated depreciation for:</u>					
Infrastructure	74,432,493	566,396		33,360	75,032,249
Buildings	6,318,218	325,316			6,643,534
Improvements other than buildings	1,914,042	295,182			2,209,224
Mobile equipment	6,290,791	520,080	477,292	204,636	6,538,215
Furniture & equipment	1,205,753	24,888	19,953		1,210,688
Leased property under capital lease	1,373,731	404,969	351,600	(178,923)	1,248,177
Total accumulated depreciation	91,535,028	2,136,831	848,845	59,073	92,882,087
Total depreciable capital assets, net	63,084,321	(650,832)	109,318	8,732	62,332,903
Governmental activities capital assets, net	\$ 64,750,817	(650,832)	109,318	8,732	63,999,399

Adjustments were made to correctly present capital assets.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 412,079
Public safety	417,661
Public works	1,245,198
Health and welfare	61,893
Total governmental activities depreciation expense	\$ 2,136,831

COPIAH COUNTY, MISSISSIPPI

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

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

On December 1, 2015, Copiah County entered into a capital lease agreement with McNeely Plastics, Inc. for the lease of property. The capital lease stipulated that the lessee would pay approximately \$9,360 per month for a term of 20 years. At the end of the lease term, the property will be conveyed to McNeely Plastics, Inc.

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	\$ 53,375
Buildings	<u>2,738,773</u>
Total	<u>\$ 2,792,148</u>

COPIAH COUNTY, MISSISSIPPI

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

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

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 112,816	45,660
2020	115,398	43,078
2021	118,043	40,433
2022	120,551	37,925
2023	191,376	35,601
2024 - 2028	412,315	140,065
2029 - 2033	478,951	73,429
2034 - 2038	<u>245,392</u>	<u>12,644</u>
Total	\$ <u>1,794,842</u>	<u>428,835</u>

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,897,821
Furniture and equipment	<u>298,669</u>
Total	3,196,490
Less: Accumulated depreciation	<u>1,248,177</u>
Leased Property Under Capital Leases	\$ <u>1,948,313</u>

COPIAH COUNTY, MISSISSIPPI

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

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2019	\$ 293,629	31,800
2020	852,236	16,888
2021	130,686	9,283
2022	354,646	1,304
Total	\$ 1,631,197	59,275

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also

COPIAH COUNTY, MISSISSIPPI

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

provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$696,811, \$690,027 and \$690,427, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the County reported a liability of \$11,545,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2018 net pension liability was 0.069414 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.000766 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$1,640,748. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COPIAH COUNTY, MISSISSIPPI

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Net difference between projected and actual earnings on pension plan investments	-	868,979
Changes of assumptions	10,428	-
Amount of total amortization of prior year layers for Deferred Outflows	696,451	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	82,870	-
County contributions subsequent to the measurement date	-	-
	<u>174,634</u>	<u>-</u>
Total	\$ <u>964,383</u>	<u>868,979</u>

\$174,634 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	Amount
2019	\$ 272,524
2020	(29,109)
2021	(270,725)
2022	<u>(51,920)</u>
Total	\$ <u>(79,230)</u>

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

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

COPIAH COUNTY, MISSISSIPPI

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

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

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

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

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

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

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

COPIAH COUNTY, MISSISSIPPI

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 15,202,256	11,545,610	8,506,455

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

COPIAH COUNTY, MISSISSIPPI

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

(11) 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. General Obligation Bonds:			
GO Refunding Bonds - Series 2010	\$ 630,000	2.00/4.75%	07/2021
GO Road and Bridge Bonds, Series 2014	5,640,000	2.625/3.75%	11/2034
GO Road and Bridge Bonds, Series 2015	5,640,000	3.00/3.50%	03/2035
GO Refunding Bonds - Series 2016	3,485,000	1.00/2.375%	03/2027
GO Refunding Bonds - Series 2018	<u>4,950,000</u>	3.00/4.00%	04/2032
Total General Obligation Bonds	\$ <u>20,345,000</u>		
B. Capital Leases:			
Computer - Reappraisal Escrow	\$ 31,609	1.97%	01/2020
Three Caterpillar 12 M3 motor graders	464,828	2.01%	12/2019
Four Caterpillar 420F loaders	252,371	2.01%	12/2019
Five New Holland tractors	160,333	1.86%	05/2021
Eight 2018 Mack Dump Trucks	618,312	2.23%	11/2021
Microdata E-911 System	<u>103,744</u>	2.04%	11/2019
Total Capital Leases	\$ <u>1,631,197</u>		
C. Other Loans:			
Sugar Farm Road CAP loan	\$ 40,302	3.00%	01/2021
Two fire trucks CAP loan	324,005	2.00%	10/2025
McNeely Plastic CAP loan	1,477,412	3.00%	01/2036
Fire truck CAP loan	<u>140,322</u>	3.00%	02/2027
Total Other Loans	\$ <u>1,982,041</u>		

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

COPIAH COUNTY, MISSISSIPPI

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2019	\$ 1,070,000	609,510
2020	1,090,000	593,760
2021	1,370,000	555,734
2022	1,180,000	512,383
2023	1,275,000	474,528
2024 - 2028	6,725,000	1,749,188
2029 - 2033	5,770,000	795,824
2034 - 2038	1,865,000	65,032
Total	\$ 20,345,000	5,355,959

Year Ending September 30	Other Loans	
	Principal	Interest
2019	\$ 143,762	54,982
2020	147,684	51,059
2021	136,216	47,207
2022	136,119	43,631
2023	139,781	39,969
2024 - 2028	566,415	146,320
2029 - 2033	477,757	74,622
2034 - 2037	234,307	9,116
Total	\$ 1,982,041	466,906

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 8.66% of the latest property assessments.

Certificates of Participation - In accordance with Section 31-8-1 et seq. Miss. Code Ann. (1972), the County issued Certificates of Participation and transferred the proceeds to the Central Mississippi Public Improvement Corporation (Corporation). The funds are to be used to construct a new Copiah County jail facility. At completion, the Corporation will enter into a twenty year lease with the County. The County is obligated to pay rent equal to the principal and interest on the debt. At completion of the lease, the County will assume ownership of the facility. The obligation is not a general obligation and does not constitute a pledge of full faith and credit of the County.

COPIAH COUNTY, MISSISSIPPI

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

Advance Refunding - On May 7, 2018, the County issued \$4,950,000 in general obligation refunding bonds with an average interest rate of 3.00-4.00% to advance refund \$4,795,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
Certificate of Participation bond, Jail Project	2.50-5.00%	\$ 4,795,000

The net proceeds of \$4,984,763 (after payment of \$178,347 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 14 years by almost \$125,713 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$101,081.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2018, \$3,675,000 of bonds outstanding were considered defeased.

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 212,971	8,254	-	-	221,225	-
General obligation bonds	16,170,000	4,950,000	775,000		20,345,000	1,070,000
Less:						
Discounts	(42,578)		(6,241)		(36,337)	(6,241)
Add:						
Premiums	117,370	34,763	11,006		141,127	12,454
Limited obligation bonds	5,060,000		265,000	(4,795,000)	-	-
Capital leases	1,281,496	742,381	392,680		1,631,197	293,629
Other loans	2,122,294		140,253	-	1,982,041	143,762
Total	\$ 24,921,553	5,735,398	1,577,698	(4,795,000)	24,284,253	1,513,604

COPIAH COUNTY, MISSISSIPPI

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

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Drug Court Fund, Reappraisal Maintenance Fund, E-911 Fund, Sanitation Fund, Countywide Road Maintenance Fund, Countywide Bridge and Culvert Fund, and Chancery Clerk Employees Fund.

(12) Deficit Fund Balances of Individual Funds.

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

<u>Fund</u>	<u>Deficit Amount</u>
General County Fund	\$ 559,381
Drug Court Fund	22,317
Airport Proj #3-28-0023-0203GRT Fund	173,028
EDA/Industrial Improvements Fund	57,393
2011 Housing Grant	395
Reappraisal Maintenance Fund	50,775
E-911 Service Fund	591,786
RIF-Rural Impact Fund	41,635
Road Dept. Overlay 2014/2015	216,166
Tourism Department Fund	9,474
2007 Gen Obl Road/Bridge Bonds	169,787
Copiah Co Jail Series 2012	432,976

(13) Contingencies.

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

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(14) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$15,000,231) 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 \$174,634 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net

COPIAH COUNTY, MISSISSIPPI

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

pension liability in the year ended September 30, 2019. The \$789,749 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 \$868,979 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' net investment in capital assets amount of \$44,190,680 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$20,879 of the \$132,525 balance of deferred outflows of resources at September 30, 2018, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 9 years.

The governmental activities' unrestricted net position amount of (\$15,000,231) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$428,835 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 19 years.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The Copiah County Board of Supervisors appoints three of the 33 members of the board of directors. The County contributes a small percentage of the district's total revenue.

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Copiah County Board of Supervisors appoints six of the 27 members of the college board of trustees. The County appropriated \$777,167 for maintenance and support of the college in fiscal year 2018.

Hinds Community College operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Copiah County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$148,473 for maintenance and support of the college in fiscal year 2018.

Region Eight Mental Health Commission operates in a district composed of the counties of Copiah, Madison, Rankin and Simpson. The Copiah County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$65,140 for support of the commission in fiscal year 2018.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Copiah County Board of Supervisors appoints two of the 26 members of the board. The County provides only modest financial support for the district.

COPIAH COUNTY, MISSISSIPPI

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

(16) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promise 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 Copiah County Board of Supervisors negotiate property tax abatements on an individual basis. The County has tax abatements with ten entities as of September 30, 2018. These abatements contribute to the economic development and citizenry of the county and are authorized under Section 27-31-101, Miss. Code 1972 (Ann.).

<u>Purpose</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>
Industrial	\$ 638,013	58.02%

(17) Mississippi Office of the State Auditor.

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

(18) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Copiah County, Mississippi evaluated the activity of the County through the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

COPIAH COUNTY, MISSISSIPPI

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

Subsequent to September 30, 2018, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>	<u>Description</u>
08/19/2020	2.15%	\$ 676,052	Capital leases	Ad valorem taxes	(5) backhoes and (1) trackhoe (cat)
12/04/2019	3.35%	85,265	Capital leases	Ad valorem taxes	Trailer-mounted sludge mate

REQUIRED SUPPLEMENTARY INFORMATION

Copiah County, Mississippi
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,554,400	5,956,121	5,956,121	-
Licenses, commissions and other revenue	299,000	341,204	341,204	-
Fines and forfeitures	283,000	244,884	244,884	-
Intergovernmental revenues	440,000	592,115	592,115	-
Charges for services	390,000	529,640	529,640	-
Interest income	40,000	63,785	63,785	-
Miscellaneous revenues	100,000	113,288	113,288	-
Total Revenues	<u>8,106,400</u>	<u>7,841,037</u>	<u>7,841,037</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	3,300,767	3,226,231	3,226,231	-
Public safety	3,076,575	3,312,254	3,312,254	-
Public works	313,950	357,528	357,528	-
Health and welfare	222,584	223,297	223,297	-
Culture and recreation	159,914	148,511	148,511	-
Conservation of natural resources	103,256	99,733	99,733	-
Economic development and assistance	140,648	139,700	139,700	-
Debt service:				
Principal	479,448	308,046	308,046	-
Interest	-	167,298	167,298	-
Total Expenditures	<u>7,797,142</u>	<u>7,982,598</u>	<u>7,982,598</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>309,258</u>	<u>(141,561)</u>	<u>(141,561)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	<u>-</u>	<u>34,318</u>	<u>34,318</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>34,318</u>	<u>34,318</u>	<u>-</u>
Net Change in Fund Balance	<u>309,258</u>	<u>(107,243)</u>	<u>(107,243)</u>	<u>-</u>
Fund Balances - Beginning	<u>(901,455)</u>	<u>(647,247)</u>	<u>(647,247)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (592,197)</u>	<u>(754,490)</u>	<u>(754,490)</u>	<u>-</u>

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

Copiah County, Mississippi
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,543,343	2,188,176	2,188,176	-
Road and bridge privilege taxes	370,000	378,329	378,329	-
Intergovernmental revenues	933,000	1,012,354	1,012,354	-
Charges for services	-	2,000	2,000	-
Miscellaneous revenues	-	50,138	50,138	-
Total Revenues	<u>3,846,343</u>	<u>3,630,997</u>	<u>3,630,997</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,193,785	3,800,242	3,800,242	-
Debt service:				
Principal	348,275	303,553	303,553	-
Interest	-	31,257	31,257	-
Total Expenditures	<u>3,542,060</u>	<u>4,135,052</u>	<u>4,135,052</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>304,283</u>	<u>(504,055)</u>	<u>(504,055)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	415,030	415,030	-
Total Other Financing Sources and Uses	<u>-</u>	<u>415,030</u>	<u>415,030</u>	<u>-</u>
Net Change in Fund Balance	<u>304,283</u>	<u>(89,025)</u>	<u>(89,025)</u>	<u>-</u>
Fund Balances - Beginning	2,165,683	2,838,936	2,838,936	-
Fund Balances - Ending	<u>\$ 2,469,966</u>	<u>2,749,911</u>	<u>2,749,911</u>	<u>-</u>

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

Copiah County, Mississippi
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Bridge and Culvert Fund
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,150,154	1,145,726	1,145,726	-
Total Revenues	<u>1,150,154</u>	<u>1,145,726</u>	<u>1,145,726</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	583,248	1,253,168	1,253,168	-
Debt service:				
Principal	17,262	14,566	14,566	-
Interest	-	2,695	2,695	-
Total Expenditures	<u>600,510</u>	<u>1,270,429</u>	<u>1,270,429</u>	<u>-</u>
Net Change in Fund Balance	<u>549,644</u>	<u>(124,703)</u>	<u>(124,703)</u>	<u>-</u>
Fund Balances - Beginning	1,313,491	1,282,492	1,282,492	-
Fund Balances - Ending	<u>\$ 1,863,135</u>	<u>1,157,789</u>	<u>1,157,789</u>	<u>-</u>

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

COPIAH COUNTY, MISSISSIPPI

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

PERS

Last 10 Fiscal Years*

For the Year Ended September 30, 2018

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.069414%	0.068648%	0.067169%	0.065442%	0.064751%
County's proportionate share of the net pension liability (asset)	\$ 11,545,610	11,411,629	11,998,060	10,116,043	7,859,586
County's covered payroll	\$ 4,417,134	4,403,782	4,383,660	4,148,204	3,955,818
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	261.38%	259.13%	273.70%	243.87%	198.68%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 696,811	690,027	690,427	653,334	623,042
Contributions in relation to the contractually required contribution	<u>696,811</u>	<u>690,027</u>	<u>690,427</u>	<u>653,334</u>	<u>623,042</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
County's covered payroll	\$ 4,424,197	4,381,114	4,383,660	4,148,204	3,955,822
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

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

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until, a full 10-year is compiled, the County has only presented information for the years in which information is available.

COPIAH COUNTY, MISSISSIPPI

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

Budgetary Comparison Schedules

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

COPIAH COUNTY, MISSISSIPPI

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

	Governmental Fund Types		
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge & Culvert Fund
Budget (Cash Basis)	\$ (107,243)	(89,025)	(124,703)
Increase (Decrease)			
Net adjustments for revenue accruals	299,688	671,471	31,635
Net adjustments for expenditure accruals	(179,573)	(323,531)	40,263
GAAP Basis	\$ <u>12,872</u>	<u>258,915</u>	<u>(52,805)</u>

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to

COPIAH COUNTY, MISSISSIPPI

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

2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

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

B. 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.

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER INFORMATION

COPIAH COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2018

"UNAUDITED"

Name	Position	Company	Bond
Daryl McMillian	Supervisor District 1	Brierfield Insurance Company	\$100,000
Terry L. Channell	Supervisor District 2	Brierfield Insurance Company	\$100,000
Perry V. Hood	Supervisor District 3	Brierfield Insurance Company	\$100,000
Kenneth Powell	Supervisor District 4	Brierfield Insurance Company	\$100,000
Jimmy L. Phillips	Supervisor District 5	Brierfield Insurance Company	\$100,000
Ronnie Barlow	County Administrator	Brierfield Insurance Company	\$100,000
Steve Amos	Chancery Clerk	Brierfield Insurance Company	\$100,000
Brandie Sims	Purchase Clerk	Brierfield Insurance Company	\$75,000
Dawn Courtney	Purchase Clerk	Brierfield Insurance Company	\$75,000
Sandra Sullivan	Assistant Purchase Clerk	Brierfield Insurance Company	\$50,000
Mary J. Harris	Receiving Clerk	Brierfield Insurance Company	\$75,000
Ronnie Barlow	Receiving Clerk	Brierfield Insurance Company	\$75,000
Ronnie Barlow	Assistant Receiving Clerk	Brierfield Insurance Company	\$50,000
Joa Williams	Inventory Control Clerk	Brierfield Insurance Company	\$75,000
Mary Harris	Inventory Control Clerk	Brierfield Insurance Company	\$75,000
Booky Thompson	Road Manager	Brierfield Insurance Company	\$75,000
Jimmy Dale White	Constable	Brierfield Insurance Company	\$50,000
Ronnie Earls	Constable	Brierfield Insurance Company	\$50,000
Edna E. Stevens	Circuit Clerk	Brierfield Insurance Company	\$100,000
Harold L. Jones	Sheriff	Brierfield Insurance Company	\$100,000
Derrick L. Cubit	Undersheriff	Brierfield Insurance Company	\$50,000
Lillie McKenzie	Justice Court Judge	Brierfield Insurance Company	\$50,000
Tara Middleton	Justice Court Judge	Brierfield Insurance Company	\$50,000
Vicky Bass Ramsey	Justice Court Judge	Brierfield Insurance Company	\$50,000
Mona Lisa Carr	Justice Court Clerk	Brierfield Insurance Company	\$50,000
Vicky Lavell Smith	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
Tara Middleton	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
Teresa Bozeman	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000
April S. Holloway	Tax Collector	Brierfield Insurance Company	\$100,000
Melinda Terrell	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Chiquita Sandifer	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Cheryl K. Parks	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
Linda Turman	Deputy Tax Collector	Brierfield Insurance Company	\$50,000
James Todd Mooney	Tax Assessor	Brierfield Insurance Company	\$50,000

Note: Brierfield Insurance Company is a member of FCCI Insurance Group

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Copiah County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Copiah County, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 10, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Copiah County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-001.

Copiah County's Responses to Finding

Copiah County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Copiah County's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
November 10, 2020

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Copiah County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2018

Section I: Summary of Auditor's Results

Financial Statements:

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

Governmental Activities:	Unmodified
Aggregate Discretely Presented Component Units:	Adverse
General Fund:	Unmodified
Countywide Road Maintenance Fund:	Unmodified
Countywide Bridge and Culvert Fund:	Unmodified
Aggregate remaining fund information:	Unmodified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	None reported

3. Noncompliance material to the financial statements noted? Yes

Section II: Financial Statements Findings

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

Inventory Clerk.

Material Weakness and Noncompliance

Criteria

Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records help identify and distinguish County assets from one another, thereby safeguarding County assets from loss or misappropriation. The information is also very important to the financial reporting process.

Condition

Deficiencies were noted in the capital asset records.

- a. The County does not appear to maintain a depreciation schedule within their inventory system. Discrepancies such as the following were noted between the County's inventory system and the depreciation schedule provided to the auditors:
 1. Asset classifications such as construction in progress, infrastructure, improvements and leased property under capital leases are not maintained on the County's inventory system.
 2. Several items listed on the depreciation schedule are not listed on the County's inventory system.
 3. Several items listed on the County's inventory system are not listed on the depreciation schedule despite still being in use by the county.
- b. A building and land leased by the County to an industry costing \$1,525,000 appears on the County's inventory ledger. This property is booked by the industry as their property and is considered an operating lease of the County. Audit adjustments were made to add this to the inventory.
- c. Eight dump trucks and bodies were placed on the inventory register at a value understated by \$383,920 less current depreciation expense of \$69,106. Audit adjustments were made to include these items in the capital asset listing.

Cause

These errors in the capital asset records were caused by failure to implement internal control procedures to ensure that all items are recorded, valued properly, and classified properly in the County's capital asset records.

Effect/Possible Effect

Failure to maintain an inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Inventory Control Clerk should implement appropriate control procedures to ensure that all items are recorded, valued properly and classified properly in the County's capital asset records. The information listed in the County's capital asset records should be reconciled by all involved department heads through an annual inventory to ensure records are accurate and complete.

Board of Supervisors Response

We concur with the finding and have addressed these deficiencies with the Inventory Control Clerk, who has taken corrective actions.