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**HUMPHREYS COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports**

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



# HUMPHREYS COUNTY

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# **HUMPHREYS COUNTY**

## **FINANCIAL SECTION**



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Humphreys County, Mississippi

### Report on Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Humphreys County Library, a component unit, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Qualified Opinion on Governmental Activities**

As discussed in Note 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities is not reasonably determinable.

### **Qualified Opinion**

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

### **Unmodified Opinions**

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregated discretely presented component unit, the General Fund, and the aggregate remaining fund information of Humphreys 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 Schedule and corresponding notes, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedule of the Contributions, and the Library's Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Omission of Required Supplementary Information**

Humphreys County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the 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 June 7, 2021, on our consideration of Humphreys 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 Humphreys 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 Humphreys County, Mississippi's internal control over financial reporting and compliance.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 7, 2021

## **HUMPHREYS COUNTY**

## **FINANCIAL STATEMENTS**

**HUMPHREYS COUNTY**  
**Statement of Net Position**  
**September 30, 2018**

**Exhibit 1**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Humphreys County Library</b>
<b>ASSETS</b>		
Cash	\$ 5,993,558	135,408
Property tax receivable	7,161,000	
Accounts receivable, (net of allowance for uncollectibles of \$2,799,660)	81,652	8,812
Fines receivable, (net of allowance for uncollectibles of \$1,228,397)	46,180	
Loans receivable	81,720	
Intergovernmental receivables	30,267	
Other receivables	1,923	
Capital assets:		
Land and construction in progress	2,497,402	
Other capital assets, net	27,857,201	8,876
Total Assets	43,750,903	153,096
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	550,235	9,856
Deferred outflows - OPEB		1,986
Total Deferred Outflows of Resources	550,235	11,842
<b>LIABILITIES</b>		
Claims payable	585,787	9,995
Intergovernmental payables	153,962	
Amounts held in custody for others	66,017	
Accrued interest payable	30,835	
Long-term liabilities		
Net pension liability	6,586,657	123,249
Net OPEB liability		16,786
Due within one year:		
Capital debt	455,203	
Non-capital debt	182,000	
Due in more than one year:		
Capital debt	1,704,790	
Non-capital debt	1,084,200	2,182
Total Liabilities	10,849,451	152,212
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax for future reporting period	7,161,000	
Deferred inflows related to pensions	204,675	37,182
Deferred inflows - OPEB		6,582
Total Deferred Inflows of Resources	7,365,675	43,764
<b>NET POSITION</b>		
Net investment in capital assets	28,194,610	8,876
Restricted:		
Expendable:		
Public safety	831,366	
Public works	1,359,862	
Culture & recreation	5	6,101
Debt service	352,851	
Unrestricted	(4,652,682)	(46,015)
Total Net Position	\$ 26,086,012	(31,038)

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

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

**Exhibit 2**

Functions/Programs	Program Revenues				Net ( Expense ) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Governmental Activities	Humphreys County Library
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 3,263,848	134,022			(3,129,826)	
Public safety	1,521,689	125,403	34,060		(1,362,226)	
Public works	2,685,288	117,389		897,056	(1,670,843)	
Health and welfare	270,864		39,883		(230,981)	
Culture and recreation	53,621				(53,621)	
Conservation of natural resources	123,587				(123,587)	
Economic development and assistance	17,650				(17,650)	
Interest on long-term debt	239,725				(239,725)	
Pension expense	971,374				(971,374)	
Total Governmental Activities	<u>\$ 9,147,646</u>	<u>376,814</u>	<u>73,943</u>	<u>897,056</u>	<u>(7,799,833)</u>	
<b>Component Units:</b>						
Humphreys County Library	<u>\$ 105,788</u>	<u>7,917</u>	<u>43,686</u>			<u>(54,185)</u>
General revenues:						
Property taxes				\$ 7,659,019		
Road & bridge privilege taxes				79,579		
Grants and contributions not restricted to specific programs				693,695		58,000
Unrestricted interest income				21,981		270
Miscellaneous				137,570		1,902
Total General Revenues				<u>8,591,844</u>		<u>60,172</u>
Changes in Net Position				<u>792,011</u>		<u>5,987</u>
Net Position - Beginning, as previously stated				25,364,719		(14,447)
Prior period adjustments				<u>(70,718)</u>		<u>(22,578)</u>
Net Position - Beginning, as restated				<u>25,294,001</u>		<u>(37,025)</u>
Net Position - Ending				<u>\$ 26,086,012</u>		<u>(31,038)</u>

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

**HUMPHREYS COUNTY**  
**Balance Sheet – Governmental Funds**  
**September 30, 2018**

**Exhibit 3**

	<b><u>Major Fund</u></b>		
	<b>General</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
<b>ASSETS</b>			
Cash	\$ 3,183,975	2,809,583	5,993,558
Property tax receivable	4,579,000	2,582,000	7,161,000
Accounts receivable ( net of allowance for uncollectibles of \$2,799,660)		81,652	81,652
Fines receivable ( net of allowance for uncollectibles of \$1,228,397)	46,180		46,180
Loans receivable	81,720		81,720
Intergovernmental receivables	30,267		30,267
Due from other funds	118,250	20,418	138,668
Other receivables	1,923		1,923
Total Assets	<u>8,041,315</u>	<u>5,493,653</u>	<u>13,534,968</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Claims payable	353,135	232,652	585,787
Intergovernmental payables	153,962		153,962
Due to other funds	20,418	118,250	138,668
Amounts held in custody for others	66,017		66,017
Total Liabilities	<u>593,532</u>	<u>350,902</u>	<u>944,434</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	4,579,000	2,582,000	7,161,000
Unavailable revenue - sanitation fees		81,652	81,652
Unavailable revenue - fines	46,180		46,180
Total Deferred Inflows of Resources	<u>4,625,180</u>	<u>2,663,652</u>	<u>7,288,832</u>
<b>FUND BALANCE</b>			
Restricted for:			
Public safety		831,366	831,366
Public works		1,359,862	1,359,862
Culture & recreation		5	5
Debt Service		383,686	383,686
Unassigned	2,822,603	(95,820)	2,726,783
Total Fund Balances	<u>2,822,603</u>	<u>2,479,099</u>	<u>5,301,702</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>8,041,315</u>	<u>5,493,653</u>	<u>13,534,968</u>

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

**HUMPHREYS COUNTY****Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2018**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,301,702
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 \$47,544,740.	30,354,603
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	127,832
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,426,193)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(6,586,657)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	550,235
Deferred inflows of resources related to pensions	(204,675)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(30,835)
Total Net Position - Governmental Activities	\$ <u>26,086,012</u>

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

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

	<u>Major Fund</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 5,131,845	2,527,174	7,659,019
Road and bridge privilege taxes		79,579	79,579
Licenses, commissions and other revenue	88,763	2,461	91,224
Fines and forfeitures	78,788		78,788
Intergovernmental revenues	343,885	1,320,809	1,664,694
Charges for services	4,678	192,099	196,777
Interest income	13,424	8,557	21,981
Miscellaneous revenues	95,635	41,935	137,570
Total Revenues	<u>5,757,018</u>	<u>4,172,614</u>	<u>9,929,632</u>
<b>EXPENDITURES</b>			
General government	3,290,617	142,070	3,432,687
Public safety	1,453,920	91,205	1,545,125
Public works	11,365	3,187,057	3,198,422
Health and welfare	71,167	164,400	235,567
Culture and recreation	43,000		43,000
Conservation of natural resources	135,810		135,810
Economic development and assistance	17,650		17,650
Debt service:			-
Principal	35,821	594,306	630,127
Interest	1,679	228,637	230,316
Total Expenditures	<u>5,061,029</u>	<u>4,407,675</u>	<u>9,468,704</u>
Excess of Revenues over (under) Expenditures	<u>695,989</u>	<u>(235,061)</u>	<u>460,928</u>
<b>OTHER FINANCING SOURCES ( USES)</b>			
Proceeds of long-term debt		78,423	78,423
Transfer in	134,738		134,738
Transfer out		(134,738)	(134,738)
Total Other Financing Sources and Uses	<u>134,738</u>	<u>(56,315)</u>	<u>78,423</u>
Net Changes in Fund Balances	830,727	(291,376)	539,351
Fund Balances - Beginning	<u>1,991,876</u>	<u>2,770,475</u>	<u>4,762,351</u>
Fund Balances - Ending	\$ <u><u>2,822,603</u></u>	<u><u>2,479,099</u></u>	<u><u>5,301,702</u></u>

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

**HUMPHREYS COUNTY****Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2018**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 539,351
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$849,604 exceeded depreciation of \$582,757 in the current period.	266,847
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.	3,234
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.	6,794
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 \$630,127 exceeds proceeds of long-term debt of \$78,423.	551,704
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 balance by a combination of the following items:	
Accrued interest payable	(9,409)
Compensated absences	(2,566)
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	(971,374)
Recording of contributions made during the year	407,430
Change in Net Position of Governmental Activities	\$ <u>792,011</u>

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



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

**Exhibit 5**

	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash	\$ <u>363,964</u>
Total Assets	<u><u>363,964</u></u>
<b>LIABILITIES</b>	
Intergovernmental payables	<u>363,964</u>
Total Liabilities	\$ <u><u>363,964</u></u>

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

**A. Financial Reporting Entity.**

Humphreys 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 Humphreys County to present these financial statements on the primary government and its component unit which has a significant operational or financial relationship with the County.

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

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

**B. Individual Component Unit Disclosures.**

**Discretely Presented Component Unit**

The component unit column in the financial statements includes the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County. All members of the governing body of this component unit are appointed by the County Board of Supervisors.

The Humphreys County Library is a public library designed to promote and develop adequate library services throughout Humphreys County that meet the general and specialized needs of the citizens of the County. The Board of Supervisors of Humphreys County appoints the five members of the Library's Board of Trustees.

**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 the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The County reports the following major Governmental Fund:

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

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

**FIDUCIARY FUND TYPE**

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

**E. Account Classifications.**

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

**F. Deposits and Investments.**

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

Cash includes cash on hand, demand deposits, certificates of deposit, and other 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 market 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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**H. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**I. Capital Assets.**

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital asset, 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 Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 years
Leased property under capital leases	*	*

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

**J. Deferred Outflows/Inflows of Resources.**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

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

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

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

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

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

**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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**M. Equity Classifications.**

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in the unrestricted classification 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 non-spendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

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

*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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**Fund Balance Flow Assumption:**

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

**N. Property Tax Revenues.**

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicle and mobile homes become a lien and are due in the month that coincides with the month of the 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 the 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, Government Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS.**

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

Exhibit 2 - Statement of Activities.

County	
Explanation	Amount
To correct long-term debt	\$ (70,718)
Total prior period adjustments	<u>\$ (70,718)</u>
Component Unit	
Explanation	Amount
Implementation of GASB 74 and 75	\$ (21,898)
To record beginning compensated absences	(680)
Total prior period adjustments	<u>\$ (22,578)</u>

**NOTE 3 – DEPOSITS.**

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$6,357,522 and the bank balance was \$6,991,907. 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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.**

The following is a summary of inter-fund balances at September 30, 2018:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 118,250
Other Governmental Funds	General Fund	20,418
Total		<u>\$ 138,668</u>

The amounts payable from the General Fund represent the tax revenue collected in September 2018, but not settled until after September 30, 2018. The amounts payable from Other Governmental Funds were to cover deficit cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 134,738
Total		<u>\$ 134,738</u>

Interfund transfers were to transfer excess funds.

**NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.**

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

<u>Governmental Activities:</u>	<u>Receivables</u>
Legislative Credit	\$ 30,267
Total	<u>\$ 30,267</u>

**NOTE 6 – LOANS RECEIVABLES.**

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

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Promissory Note from chancery clerk	3/1/2015	0%	11/15/2019	\$ 81,720
Total				<u>\$ 81,720</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 7 – CAPITAL ASSETS.**

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

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 190,513				190,513
Construction in progress	1,991,442	771,181		(455,734)	2,306,889
Total Non-depreciable capital assets	2,181,955	771,181	-	(455,734)	2,497,402
Depreciable capital assets:					
Infrastructure	62,194,957			455,734	62,650,691
Buildings	5,634,558				5,634,558
Improvements other than buildings	1,567,103				1,567,103
Mobile equipment	3,704,584	78,423			3,783,007
Furniture and equipment	1,382,383				1,382,383
Leased property under capital leases	384,199				384,199
Total depreciable capital assets	74,867,784	78,423	-	455,734	75,401,941
Less accumulated depreciation for:					
Infrastructure	39,466,079	285,845			39,751,924
Buildings	2,186,676	82,988			2,269,664
Improvements other than buildings	576,011	62,684			638,695
Mobile equipment	3,080,587	56,924			3,137,511
Furniture and equipment	1,309,152	65,481			1,374,633
Leased property under capital leases	343,478	28,835			372,313
Total accumulated depreciation	46,961,983	582,757	-	-	47,544,740
Total depreciable capital assets, net	27,905,801	(504,334)	-	455,734	27,857,201
Governmental activities capital assets, net	\$ 30,087,756	266,847	-	-	30,354,603

\*Adjustments made are to reclassify completed construction in progress to infrastructure.

Depreciation expense was charge to the following functions:

Governmental Activities:	
Public Safety	\$ 70,314
Public Works	466,525
Health and Welfare	35,297
Culture & Recreation	10,621
Total governmental activities depreciation expense	\$ <u>582,757</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
State aid road infrastructure	\$ Undetermined	Undetermined

**HUMPHREYS COUNTY COMPONENT UNIT – Humphreys County Library**

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

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Depreciable capital assets:					
Library collection	\$ 368,129	3,075			371,204
Furniture and equipment	5,146				5,146
Total depreciable capital assets	373,275	3,075	-	-	376,350
Less accumulated depreciation for:					
Library collection	362,391	3,045			365,436
Furniture and equipment	1,019	1,019			2,038
Total accumulated depreciation	363,410	4,064	-	-	367,474
Total depreciable capital assets, net	\$ 9,865	(989)	-	-	8,876

Depreciation expense above is charged to the governmental activities function of Operations.

**NOTE 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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 9 – CAPITAL LEASES.**

As Lessee

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 384,199
Less: Depreciation	<u>(372,313)</u>
Leased Property Under Capital Leases	<u>\$ 11,886</u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	43,196	1,530
2020	26,427	627
2021	<u>11,203</u>	<u>69</u>
Total	<u>\$ 80,826</u>	<u>2,226</u>

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).**

**HUMPHREYS COUNTY**

Plan Description

The Humphreys County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Humphreys County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The County does not issue a publicly available financial report for the Plan.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**HUMPHREYS COUNTY COMPONENT UNIT – HUMPHREYS COUNTY LIBRARY**

**Other Postemployment Benefits (OPEB) General Information about the OPEB Plan.**

*Plan description.*

State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees, and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. A trust was created June 28, 2018 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for purposes of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. The OPEB Plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

*Benefits provided.*

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

*Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. The Library's contributions to the OPEB plan for the year ended September 30, 2018 were \$748.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At September 30, 2018, the Library reported a liability of \$16,786 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the Library's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2018, the Library's proportion was 0.00217014 percent. This was a decrease of 0.0008 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended September 30, 2018, the Library recognized OPEB expense of \$173. At September 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35	
Changes of assumptions		1,452
Changes in the proportion and differences between Library contributions and proportionate share contributions	1,764	5,130
Library Contributions subsequent to the measurement date	<u>187</u>	<u></u>
	<u>\$ 1,986</u>	<u>6,582</u>

\$187 reported as deferred outflows of resources related to OPEB resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

Year ending September 30:	Amount
2019	\$ (864)
2020	(864)
2021	(864)
2022	(864)
2023	(916)
Thereafter	(411)
Total	<u>\$ (4,783)</u>

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

Inflation	3.00%
Salary increases	3.25-18.50%, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017
Single Equivalent Interest Rate, Net of OPEB Plan investment expense, including inflation	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

*Discount rate.* The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.89 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89%. Since the trust was set up as of June 28, 2018 with an initial contribution of \$1,000,000, the Plan was projected to be depleted in 2018. The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

*Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Library's proportionate share of the net OPEB liability, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease</u> 2.89%	<u>Discount Rate</u> 3.89%	<u>1% Increase</u> 4.89%
Net OPEB Liability	\$ 18,608	16,786	15,221

*Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the Library's proportionate share of the net OPEB liability, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 15,550	16,786	18,192

*OPEB plan fiduciary net position.* The fiduciary net position for the OPEB plan was \$1,000,000 as of June 30, 2018, the measurement date. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial report available on the Mississippi Department of Finance and Administration's website.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11– DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

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

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

Contributions. At September 30, 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 \$407,430, \$384,319, and \$357,584, respectively, equal to the required contributions for each year.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

At September 30, 2018 the County reported a liability of \$6,586,657 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 0.0396 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.002 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 \$971,374. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,423	26,363
Net difference between projected and actual earnings on pension plan investments		149,704
Changes of assumptions	3,692	3,244
Changes in the proportion and differences between County contributions and proportionate share of contributions	414,235	25,364
County Contributions subsequent to the measurement date	105,885	
	<u>\$ 550,235</u>	<u>204,675</u>

The \$105,885 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	\$ 243,347
2020	98,845
2021	(72,898)
2022	(29,619)
Total	<u>\$ 239,675</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

Inflation percentage	3.00%
Salary increases, including inflation	3.25% - 18.50%
Investment rate of return net of pension plan investment expense, including inflation	7.75%

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00%	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%	-
	<u>100.00%</u>	

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%) through June 30, 2019 and at 17.40% thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	<u>\$ 8,672,737</u>	<u>\$ 6,586,657</u>	<u>\$ 4,852,849</u>

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

**HUMPHREYS COUNTY COMPONENT UNIT – Humphreys County Library**

**Plan Description.** The Humphreys County Library contributes to the Public Employees Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

**Contributions.** The Library's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017, and 2016 were \$7,835, \$9,720, and \$9,704, 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 Library reported a liability of \$123,249 for its proportionate share of the net pension liability. At June 30, 2018, the Library's proportion was 0.0007410 percent. This was a decrease of 0.000264 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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

For the year ended September 30, 2018, the Library recognized pension expense of \$7,292. At September 30, 2018 the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 638	705
Net difference between projected and actual earnings on pension plan investments		3,356
Changes of assumptions	98	83
Changes in the proportion and differences between Library's contributions and proportionate share of contributions	6,754	33,038
Library's contributions subsequent to the measurement date	<u>2,366</u>	
	<u>\$ 9,856</u>	<u>37,182</u>

The \$2,366 reported as deferred outflows of resources related to pensions resulting from Library 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:

Deferred Outflows/Deferred Inflows Aging:	
Year ending September 30:	Amount
2019	\$ (5,153)
2020	(10,115)
2021	(13,871)
2022	<u>(553)</u>
Total	<u>\$ (29,692)</u>

*Sensitivity to the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	<u>\$ 162,285</u>	<u>123,249</u>	<u>90,807</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 12 – LONG TERM DEBT**

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds			
2010 GO Bond Cap. Improvements	\$ 345,000	3.8	05-20
2014 GO Bond Public Improvements	775,000	2.1-3.0	05-24
2015 GO Bond Non-Capital	1,227,000	2.98	06-23
2016 GO Bond Cap. Improvements	534,400	1.4 - 2.0	11-21
Total General Obligation Bonds	<u>\$ 2,881,400</u>		
B. Capital Leases:			
Sheriff office vehicles	\$ 15,288	2.59	02-19
2012 Volvo Motor grader	65,538	2.45	02-21
Total Capital Leases	<u>\$ 80,826</u>		
C. Other Loans:			
Kubota M8540	56,516	4.48	4-22
John Deer	71,481	5.27	3-23
Health Complex	\$ 296,770	4.75	12-29
Total Other Loans	<u>\$ 424,767</u>		

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

Governmental Activities:	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending September 30				
2019	545,377	80,232	48,630	18,340
2020	559,600	64,885	50,942	16,051
2021	575,378	49,104	53,392	13,626
2022	589,045	32,441	48,759	11,152
2023	472,000	16,200	31,757	9,242
2024-2028	140,000	2,100	130,667	30,017
2029-2030			60,620	3,892
Total	<u>\$ 2,881,400</u>	<u>244,962</u>	<u>424,767</u>	<u>102,320</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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 counties issue 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 4.06% of the latest property assessments.

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments*	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 36,634	2,566			39,200	-
Other loans	315,288	78,423	39,662	70,718	424,767	48,630
General obligation bonds	3,413,000		531,600		2,881,400	545,377
Capital leases	139,691		58,865		80,826	43,196
Total	<u>\$ 3,904,613</u>	<u>80,989</u>	<u>630,127</u>	<u>70,718</u>	<u>3,426,193</u>	<u>637,203</u>

\* Adjustment is to record debt omitted in error in prior year.

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Maintenance District Funds, Garbage and Solid Waste Fund and E-911 Fund.

**NOTE 13 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.**

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

	Amount
Law Library	\$ (7,570)
Home Program	(88,250)
Total	<u>\$ (95,820)</u>

**NOTE 14 – CONTINGENCIES.**

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purpose. 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 statement.



**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

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

**NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.**

Humphreys County

The governmental activities' unrestricted net position deficit amount of \$(4,652,682) 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 \$105,885 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$444,350 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$204,675 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

Humphreys County Library

The unrestricted net position deficit amount of \$(46,015) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions and OPEB. The \$2,366 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. The \$7,490 balance of the deferred outflow of resources related to pensions at September 30, 2018 will be recognized as expenses and decrease unrestricted net position over the next 4 years. The \$187 reported as deferred outflows of resources related to OPEB resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended September 30, 2019. The \$1,799 balance of the deferred outflow of resources from OPEB at September 30, 2018 will be recognized as expenses and decrease unrestricted net position over the next 6 years.

The unrestricted net position deficit amount of \$(46,015) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions and OPEB. The \$37,182 balance of the deferred inflow of resources from pensions at September 30, 2018 will be recognized as revenue and increase unrestricted net position over the next 4 years. The \$6,582 balance of the deferred inflow of resources from OPEB at September 30, 2018 will be recognized as revenue and increase unrestricted net position over the next 6 years.

**NOTE 16 – JOINT VENTURE.**

The County participates in the following joint venture:

The North Central Task Force consists of Carroll, Claiborne, Grenada, Holmes, Humphreys, Leflore, Quitman and Tunica Counties and the Cities of Itta Bena and Port Gibson. It is a multi-jurisdictional drug

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

enforcement task force established to provide more widespread apprehension and possession of violators. The County did not appropriate any funds for support of the task force in fiscal year 2018.

**NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$201,722 for maintenance and support of the college in fiscal year 2018.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Humphreys County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$23,400 to the entity in fiscal year 2018.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints one of the 22 members of the district board of directors. The County appropriated \$3,093 for the support of the district in fiscal year 2018.

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Humphreys County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County appropriated \$42,420 for support of the district in fiscal year 2018.

**NOTE 18 – TAX ABATEMENTS**

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Humphreys County Board of Supervisors negotiates property tax abatements on an individual basis. Abatements are for five to ten years and are for economic development purposes. The County had tax abatement agreements with one entity as of September 30, 2018.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

The County had abatements under Section 27-31-105, Miss. Code Ann. (1972).

Category	Percent of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Construction and expansion of a manufacturing facility	76%	\$ 15,045

**NOTE 19 – 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 Humphreys County evaluated the activity of the County through June 7, 2021 (the date the financial statements were available to be issued) and determined that the following subsequent events occurred that require disclosure in the notes to the financial statements.

Issue Date	Interest Rate	Issue Amount	Type of Financing
6/20/19	0.00%	\$ 31,699	Capital Lease
3/18/20	5.65%	13,650	Equipment Loan
8/18/20	3.11%	102,900	Capital Lease

On January 15, 2019, Special Agents from the Office of the State Auditor arrested Lawrence Browder, Humphreys County Chancery Clerk, after he was indicted for submitting false documents by a grand jury assembled by the District Attorney. Browder was issued a demand letter for \$279,764.16 at the time of his arrest. Interest and investigative expenses are included in the demand amount.

Browder was accused of fraudulently obtaining money from the county by forcing his staff to create false court records from January 2016 to January 2017. Chancery Clerks collect fees for filing certain court proceedings, and Browder allegedly pocketed money after reporting his office filed cases that did not exist. Using this scheme, Browder allegedly obtained \$31,350 from falsified Humphreys County youth court and lunacy case proceedings.

In addition to fraud charges, Browder was issued a civil demand to repay more than \$200,000 in compensation illegally given to him. The salary of a Chancery Clerk in Mississippi is partially composed of fees charged for services provided by each office, but no Chancery Clerk can be compensated more than \$90,000 in fees in any one year. Browder exceeded the maximum allowable salary by \$205,724.14. By law, the excess fees should have been returned to Humphreys County each year.

On November 8, 2019, Lawrence Browder entered a voluntary plea of guilty to the charge of fraudulent statements and representations in the Circuit Court of Humphreys County, Mississippi. The Court

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

withheld the acceptance of the guilty plea in abeyance and placed the defendant on three (3) years on non-adjudicative probation. The Court further ordered that Browder be placed on three (3) years of non-adjudicative telephonic probation. Conditions of the non-adjudicative telephonic probation required Browder to pay \$31,350 in restitution to Humphreys County. This amount was paid on the day of the plea. Browder must also pay \$10,710.16 to the Mississippi State Auditor's Office in the amount of \$315 per month, beginning December 1, 2019 and the first of every month thereafter until paid in full within the three year non-adjudicative telephonic probation.

Mr. Browder passed away in July 2020. It is unclear at this time if the county will be able to collect any money that Mr. Browder owes to the county.

## **HUMPHREYS COUNTY**

### **REQUIRED SUPPLEMENTARY INFORMATION**

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

**UNAUDITED**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Property taxes	\$ 4,689,000	5,137,064	5,137,064	-
Licenses, commissions and other revenue	93,200	106,656	106,656	-
Fines and forfeitures	102,000	78,863	78,863	-
Intergovernmental revenues	350,500	343,885	343,885	-
Charges for services	20,000	4,678	4,678	-
Interest income	9,500	13,821	13,821	-
Miscellaneous revenues	97,000	95,635	95,635	-
Total Revenues	<u>5,361,200</u>	<u>5,780,602</u>	<u>5,780,602</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,613,205	3,358,632	3,358,632	-
Public safety	1,359,350	1,402,298	1,402,298	-
Public works	-	11,065	11,065	-
Health and welfare	181,100	76,980	76,980	-
Culture and recreation	40,000	42,500	42,500	-
Conservation of natural resources	146,950	117,817	117,817	-
Economic development and assistance	16,640	12,000	12,000	-
Debt Service	43,000	37,500	37,500	-
Total Expenditures	<u>5,400,245</u>	<u>5,058,792</u>	<u>5,058,792</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(39,045)</u>	<u>721,810</u>	<u>721,810</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources		134,738	134,738	-
Other financing uses	<u>(58,000)</u>			-
Total Other Financing Sources and Uses	<u>(58,000)</u>	<u>134,738</u>	<u>134,738</u>	<u>-</u>
Net Change in Fund Balance	(97,045)	856,548	856,548	-
Fund Balance - Beginning	<u>(2,794,969)</u>	<u>(898,064)</u>	<u>(898,064)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (2,892,014)</u>	<u>(41,516)</u>	<u>(41,516)</u>	<u>-</u>

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

**HUMPHREYS COUNTY**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2018**

**UNAUDITED**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Humphreys County</b>					
Governmental Activities					
County's proportion of the net pension liability (asset)	0.0396%	0.0376%	0.0353%	0.0362%	0.0347%
County's proportionate share of the net pension liability (asset)	\$ 6,586,657	\$ 6,250,397	\$ 6,305,461	\$ 5,595,806	\$ 4,211,945
County's covered payroll	2,526,380	2,409,124	2,255,494	2,265,291	2,128,229
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.72%	259.45%	279.56%	247.02%	197.91%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%
<b>Humphreys County Library</b>					
Library's proportion of the net pension liability (asset)	0.000741%	0.001005%	0.000912%	0.000931%	
Library's proportionate share of the net pension liability (asset)	\$ 123,249	\$ 167,064	\$ 162,905	\$ 139,122	
Library's covered payroll	47,340	64,502	58,311	59,130	
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.35%	259.01%	279.37%	235.28%	
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	

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

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

**HUMPHREYS COUNTY**  
**Schedule of Contributions - PERS**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2018**

**UNAUDITED**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Humphreys County</b>				
Governmental Activities				
Contractually required contribution	\$ 407,430	\$ 384,319	\$ 357,584	\$ 356,783
Contributions in relation to the contractually required contribution	<u>407,430</u>	<u>384,319</u>	<u>357,584</u>	<u>356,783</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 2,586,862	\$ 2,440,105	\$ 2,270,366	\$ 2,265,291
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%
 <b>Humphreys County Library</b>				
Contractually required contribution	\$ 7,835	\$ 9,720	\$ 9,704	\$ 9,251
Contributions in relation to the contractually required contribution	<u>7,835</u>	<u>9,720</u>	<u>9,704</u>	<u>9,251</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library's covered payroll	\$ 49,746	\$ 61,714	\$ 61,613	\$ 58,737
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

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



**HUMPHREYS COUNTY**  
**Schedule of Proportionate Share of the Net OPEB Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2018**

**UNAUDITED**

<b>Humphreys County Library</b>	<u>2018</u>
Library's proportion of the net OPEB liability (asset)	0.00217014%
Library's proportionate share of the net OPEB liability (asset)	\$ 16,786
Library's covered employee payroll	\$ 47,340
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	35.458%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until a full 10 year trend is compiled, the Library has only presented information for the years in which information is available.

**HUMPHREYS COUNTY**  
**Schedule of Contributions OPEB**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2018**

**UNAUDITED**

<b>Humphreys County Library</b>		<u>2018</u>
Contractually required contribution	\$	748
Contributions in relation to the contractually required contribution		<u>748</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
Library's covered employee payroll	\$	49,746
Contributions as a percentage of covered employee payroll		1.5036%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018, and, until, a full 10 year trend is compiled, the Library has only presented information for the years in which information is available.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**

**UNAUDITED**

**A. Budgetary Information.**

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

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

**B. Basis of Presentation.**

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

	<u><b>General Fund</b></u>
Budget (Cash Basis)	\$ 856,548
Increase (Decrease)	
Net adjustments for revenue accruals	(23,583)
Net adjustments for expenditure accruals	(2,238)
GAAP Basis	<u>\$ 830,727</u>

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**

**UNAUDITED**

**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 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 6.00% to 7.00%.

**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.

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**

**UNAUDITED**

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

OPEB Schedules

(1) *Changes of assumptions*

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

(2) *Changes in benefit provisions*

2018: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.75%
Pre-Medicare	

**HUMPHREYS COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2018**

**UNAUDITED**

Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2023
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

## **HUMPHREYS COUNTY**

## **OTHER INFORMATION**

**HUMPHREYS COUNTY**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2018**  
**"Unaudited"**

<b>Name</b>	<b>Position</b>	<b>Surety Company</b>	<b>Bond Amount</b>
R. D. Stevens	Supervisor District 2	Western Surety	100,000
Woodrow Johnson	Supervisor District 3	Travelers	100,000
Jerry Wood	Supervisor District 4	Western Surety	100,000
Roy Broomfield	Supervisor District 5	Western Surety	100,000
Deborah Edwards	Clerk	Travelers	50,000
Shavon Ellis	Chancery Deputy Clerk	Western Surety	10,000
Alicia Toler	Chancery Deputy Clerk	Western Surety	50,000
Sharon Neal - Deputy	Circuit Deputy Clerk	Western Surety	50,000
Vernetta Washington	Circuit Deputy Clerk	Western Surety	50,000
Calvin Ball	Receiving Clerk	Western Surety	75,000
Gail F. Hood	Asst. Receiving Clerk	Travelers	50,000
Latoya Smith	Inventory Control Clerk	Travelers	75,000
Latoya Smith	Clerk - Sanitation	Travelers	50,000
J. D. Roseman	Sheriff	Western Surety	100,000
Cleveland Ross	Deputy Sheriff	Travelers	25,000
Demetrius Allen	Deputy Sheriff	Travelers	25,000
Burl Holmes III	Deputy Sheriff	Travelers	50,000
Gail F. Hood	Deputy Sheriff	Travelers	25,000
Cole McGinnis	Deputy Sheriff	Travelers	50,000
Sean Williams	Deputy Sheriff	Travelers	50,000
Andrew Dent	Constable	Travelers	50,000
Marva Gibson	Justice Court Clerk	Travelers	50,000
Akeitha L. Smith	Justice Court Clerk	Travelers	50,000
Shirley Brown Cummings	Justice Court Judge	Western Surety	50,000
Margaret Parks	Tax Collector/Assessor	Western Surety	100,000
Schardell Little	Tax Collector/Assessor- Deputy	Travelers	50,000
Melissa E. Davis	Tax Collector/Assessor- Deputy	Western Surety	50,000
April Morgan	Tax Collector/Assessor- Deputy	Western Surety	50,000
Alicia Toler	Tax Collector/Assessor- Deputy	Western Surety	50,000



## **HUMPHREYS COUNTY**

### **SPECIAL REPORTS**



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors  
Humphreys County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 7, 2021. This report is qualified on the governmental activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. We did not audit the financial statements of the Humphreys County Library, component unit, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001, 2018-002 and 2018-003 that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

However, we noted certain matters that we reported to the management of Humphreys County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 7, 2021, included within this document.

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 7, 2021



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
GOVERNMENT AUDIT QUALITY CENTER  
PRIVATE COMPANIES PRACTICE SECTION

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

Members of the Board of Supervisors  
Humphreys County, Mississippi

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

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Purchase Clerk.

1. Purchase requisitions and receiving reports not prepared for some purchases.

Repeat Finding No

Criteria The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Condition The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37. A well-designed purchasing system would comply with the provisions of Titles 31 and 37 and would include the use of purchase requisitions, purchase orders, and receiving reports. During our test work we noted several instances where there were either no purchase requisitions or receiving reports.

Cause The County did not follow state purchase law.

Effect Failure to follow state purchase laws could result in the loss or misappropriation of public funds.

Recommendation The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

Response No response was provided for this finding.

Inventory Control Clerk.

2. Additions and deletions to capital assets not recorded in inventory system.

Repeat Finding Yes

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions.

Condition As reported in the prior year's audit report, the subsidiary records did not include all additions and deletions of capital assets. The Inventory Control Clerk did not record additions and deletions to capital assets as required.

Cause	The Inventory Control Clerk lacked the necessary internal control procedures required to ensure that all items are recorded, properly valued and properly classified in the County's capital asset record.
Effect	The failure to properly maintain the inventory control system could result in the reporting of inaccurate amounts and increase the possibility of the loss or misappropriation of public funds.
Recommendation	To comply with the requirements established by law for the inventory control system, the Inventory Control Clerk should record additions and deletions in the capital asset subsidiary records. Those responsible should review these requirements and ensure adherence.
Response	No response was provided for this finding.

Board of Supervisors and Purchase Clerk.

3. The Purchase Clerk was not bonded as required by state law.

Repeat Finding	No
Criteria	Section 31-7-124, Miss Code Ann. (1972), requires purchase clerks be bonded in the amount \$75,000.
Condition	During the course of our test work, we found that the purchase clerk is not bonded.
Cause	The board of supervisors failed to appropriately bond the purchase clerk.
Effect	In the event of loss or misappropriation of funds by the purchase clerk the County would not be able to recover the funds
Recommendation	The Board of Supervisors should ensure that the purchase clerk is bonded as required by Section 31-7-124, Miss Code Ann. (1972).
Response	No response was provided for this finding.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Humphreys County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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

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

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

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

June 7, 2021



**HUMPHREYS COUNTY**

**Schedule 1**

**Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2018**

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

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

**Schedule 2**

Our tests did not identify any emergency purchases.

**HUMPHREYS COUNTY**

**Schedule 3**

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

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



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA  
WILLIAM F. BAIRD, CPA  
EUGENE S. CLARKE, IV, CPA  
DAVID E. CLARKE, CPA

3528 MANOR DRIVE  
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416  
FAX: (601) 636-1417

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs  
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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Humphreys County, Mississippi

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

In addition, for areas not considered material to Humphreys County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 7, 2021, on the financial statements of Humphreys County, Mississippi.

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

The results of our review procedures and compliance tests identified certain instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. The County did not advertise for bids at least every two years for depositories.

Repeat Finding	No
Criteria	Public Officials Should Ensure Compliance with State Law over Publication of Bids for Its Depository. Section 27-105-305, Mississippi Code Annotated (1972), requires the County to advertise for bids at least every two years for depositories.
Condition	During the review of the Board minutes, we noted the Board of Supervisors had not advertised for bids since March 2016. Failure to advertise for the County's depository resulted in non-compliance with Mississippi Code Section 27-105-305.
Cause	The County failed to follow Section 27-105-305, Mississippi Code Annotated (1972), and advertise for bids for depositories.
Effect	Failure to advertise for bids for depositories could result in the County not being in compliance with state laws and the County might not receive the best terms available from other financial institutions.
Recommendation	We recommend the Board of Supervisors ensure publication of bids for the County's depository every two years as required by State Law.
Response	No response was provided for this finding.

2. A member of the Board of Supervisors was not bonded.

Repeat Finding	No
Criteria	Section 19-3-5, Miss Code Ann. (1972), requires each member of the board of supervisors to be bonded in the amount equal to 5 percent of the sum of all the state and county taxes shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed \$100,000.
Condition	During the course of our test work, we found that one of the members of the board of supervisors is not bonded.
Cause	The board of supervisors failed to appropriately bond one of the members.
Effect	In the event of loss or misappropriation of funds by the board of supervisors the County would not be able to recover the funds.

Recommendation	The Board of Supervisors should ensure that all members of the board are bonded as required by Section 19-3-5, Miss Code Ann. (1972).
----------------	---

Response	No response was provided for this finding.
----------	--

### **Chancery Clerk**

1. Chancery Clerk did not pay amounts due in excess of the salary limitation to the county.

Repeat Finding	Yes
----------------	-----

Criteria	Title 9, Chapter 1, Section 43 (1), requires that amounts due in excess of the salary limitation shall be deposited into the General Fund on or before April 15 for the preceding calendar year.
----------	--

Condition	The Chancery Clerk has exceeded the salary limitation for the 2014, 2015, 2016, 2017 and 2018 calendar year. The clerk did not settle the 2014 (\$27,514), 2015 (\$18,139), 2016 (\$43,045), 2017 (\$9,143) and 2018 (\$13,169) amounts due to the county.
-----------	--

Cause	The Chancery Clerk did not comply with state laws.
-------	--

Effect	Failure to make timely settlements of over the cap fee income to the County's General Fund could result in the loss or misappropriation of public funds.
--------	--

Recommendation	Amounts in excess of the salary limitation should be paid to the County.
----------------	--

Response	No response was provided for this finding.
----------	--

Auditor's Note	These amounts have not been paid to the County
----------------	--

2. Chancery Clerk did not settle court fees due to the County and State.

Repeat Finding	Yes
----------------	-----

Criteria	The Chancery Clerk collects and settles various fees derived from assessments made by the courts to the county and the state.
----------	---

Condition	As previously reported, during our review of the clerk's annual accounting ledgers, it came to our attention that the clerk had not settled fees due the county and state. As of December 31, 2018, the amount owed to the state and county for these assessments was \$111,267.
-----------	--

Cause	Appropriate settlements to the county and state have not been made.
-------	---

Effect	Failure to make accurate settlements could result in the loss or misappropriation of public funds.
Recommendation	The clerk should settle all court fees on a timely basis. The fees should be settled the month following receipt of the fees if possible.
Response	No response was provided for this finding.
Auditor's Note	These amounts have not been settled.

3. The Chancery Clerk was unable to provide support for expenses on the annual financial report.

Repeat Finding	Yes
Criteria	The Chancery Clerk should establish and maintain an adequate record keeping system.
Condition	The Chancery Clerk claimed \$7,625 in expenses in 2018 for which the clerk could not provide supporting documentation.
Cause	Procedures have not been put in place to ensure that all records are organized and kept for the appropriate amount of time.
Effect	The Clerk was unable to provide supporting documentation for the expenses claimed in the annual report.
Recommendation	The Chancery Clerk should pay the amount of the \$7,625 in expenses for which there was no supporting documentation to the county as this will increase the amount that the Chancery Clerk exceeded the salary cap for the 2018 calendar year.
Response	No response was provided for this finding.
Auditor's Note	This amount has not been paid to the county.

4. Record maintenance

Repeat Finding	Yes
Criteria	During our audit, we noted instances of inadequate controls over the maintenance of records in the Chancery Clerk's office.
Condition	Adequate controls should be in place to ensure records are organized and kept for the appropriate amount of time.
Cause	Procedures have not been put in place to ensure that all records are organized and kept for the appropriate amount of time.

Effect	Failure to maintain records creates an increased risk of accounting errors and the loss or misappropriation of public funds.
Recommendation	The Chancery Clerk should establish an effective system for maintaining accounting records.
Response	No response was provided for this finding.

5. Chancery Clerk was not bonded.

Repeat Finding	Yes
Criteria	Section 9-5-131, Miss Code Ann. (1972), requires chancery clerks to be bonded in the amount equal to 5 percent of the sum of all the state and county taxes shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed \$100,000.
Condition	During the course of our test work, we found that the Chancery Clerk is not bonded.
Cause	The Chancery Clerk failed to appropriately bond himself.
Effect	In the event of loss or misappropriation of funds by the Chancery clerk the County would not be able to recover the funds.
Recommendation	The Board of Supervisors should ensure the chancery clerk is appropriately bonded according to Section 9-5-131, Miss Code Ann. (1972)..
Response	No response was provided for this finding.

**Circuit Clerk**

1. Distribution of Cash, Cash Journals and Bank Reconciliations

Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include strong financial accountability and safeguarding of assets and revenue.
Condition	During our review of the clerk's distribution of cash and corresponding bank reconciliations, it came to our attention that the distribution of cash and bank reconciliations contained items from receipts which had not actually been deposited into the bank account. These items primarily pertained to restitution received by the clerk in the form of cash payments. Instead of depositing the receipts the clerk contacted the recipient and requested they personally pick up the payments.



Cause	This weakness is due to inadequate internal controls surrounding the collection, depositing, and recording of revenue in the Circuit Clerk's office.
Effect	The failure to develop adequate internal controls in the Circuit Clerks office regarding the collection, disbursing and recording of funds could result in the loss or misappropriation of public funds.
Recommendation	The clerk should adhere to the guidelines established by the Office of the State Auditor's "County Financial Accounting Manual, section E – 109, Circuit Clerk", which requires the circuit clerk to reconcile the bank statements to the cash journals monthly. By doing so, the clerk would assure that all receipts are accounted for and the distribution of cash correctly reflects all funds held by the clerk.
Response	I will comply with the above recommendation.

2. The Circuit Clerk could not provide proper documentation for some expenses claimed on the annual financial report.

Repeat Finding	Yes												
Criteria	The Circuit Clerk should establish and maintain an adequate record keeping system.												
Condition	<p>During the course of our test work, we found that several expenses claimed on the annual financial report are lacking proper documentation those expenses are as follows:</p> <table> <tr> <td>• Hill Temple #783 (4/20/18)</td><td>\$ 50.00</td></tr> <tr> <td>• Kwanza Johnson (7/6/18)</td><td>\$ 250.00</td></tr> <tr> <td>• Delta Sigma Theta Sorority (9/7/18)</td><td>\$ 100.00</td></tr> <tr> <td>• Super Value (1/24/18)</td><td>\$ 68.36</td></tr> <tr> <td>• Super Value (2/28/18)</td><td>\$ 35.63</td></tr> <tr> <td>Total</td><td>\$ 503.99</td></tr> </table>	• Hill Temple #783 (4/20/18)	\$ 50.00	• Kwanza Johnson (7/6/18)	\$ 250.00	• Delta Sigma Theta Sorority (9/7/18)	\$ 100.00	• Super Value (1/24/18)	\$ 68.36	• Super Value (2/28/18)	\$ 35.63	Total	\$ 503.99
• Hill Temple #783 (4/20/18)	\$ 50.00												
• Kwanza Johnson (7/6/18)	\$ 250.00												
• Delta Sigma Theta Sorority (9/7/18)	\$ 100.00												
• Super Value (1/24/18)	\$ 68.36												
• Super Value (2/28/18)	\$ 35.63												
Total	\$ 503.99												
Cause	Procedures have not been put in place to ensure that all records are organized and kept for the appropriate amount of time.												
Effect	The Clerk was unable to provide supporting documentation for the expenses claimed in the annual report.												
Recommendation	The Circuit Clerk should ensure that the proper documentation is maintained for all expenses claimed on the annual financial report. We recommend that the Circuit Clerk amend the annual financial report to include only expense for which the clerk has proper documentation.												
Response	I will keep a file folder to retain all expense receipts henceforth.												

3. Circuit Clerk was not bonded.

Repeat Finding	Yes
Criteria	Section 9-7-121, Miss Code Ann. (1972), requires circuit clerks to be bonded in the amount equal to 3 percent of the sum of all the state and county taxes shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed \$100,000.
Condition	During the course of our test work, we found that the Circuit Clerk is not bonded.
Cause	The Circuit Clerk failed to appropriately bond herself.
Effect	In the event of loss or misappropriation of funds by the Circuit Clerk the County would not be able to recover the funds.
Recommendation	The Board of Supervisors should ensure that the Circuit Clerk is bonded as required by Section 9-7-121, Miss. Code Ann. (1972).
Response	No response was provided for this finding.

**Sheriff.**

1. Sheriff's Office is not making settlements timely.

Repeat Finding	No
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	During the course of our test work, we found that the settlements to the County are not being made in a timely manner. A delay in settlements could result in the loss or misappropriation of public funds.
Cause	The Sheriff lacked the necessary controls over the settlement of cash collections.
Effect	Inadequate controls surrounding the settlement of cash collections could result in theft of assets and improper revenue recognitions.
Recommendation	The Sheriff should ensure that the settlements are being made in a timely manner.
Response	This Sheriff is no longer in office and could not be reached for a response.

2. Bank accounts were not reconciled.

Repeat Finding	No
Criteria	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	Bank reconciliations could not be provided by the Sheriff's office.
Cause	The Sheriff failed to accurately reconcile monthly to the bank account.
Effect	Failure to accurately reconcile to the bank account could result in the loss or misuse of public funds.
Recommendation	The Sheriff should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
Response	This Sheriff is no longer in office and could not be reached for a response.

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

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

*Bridgers, Goodman, Baird & Clarke, PLLC*  
Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 7, 2021

## **HUMPHREYS COUNTY**

### **SCHEDULE OF FINDINGS AND RESPONSES**

## HUMPHREYS COUNTY

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

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

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

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

Governmental activities	Qualified
Aggregate discretely presented component unit	Unmodified
General 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? No

#### Section 2: Financial Statement Findings

##### **Board of Supervisors.**

##### **Material Weakness**

**2018-001.** The County does not record a liability for other postemployment benefits in the governmental activities.

**Repeat Finding** Yes

**Criteria** Humphreys County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions as a single employer defined benefit health care plan.

**Condition** GASB Statement No. 75 requires the County to report on an accrual basis the liability associated with other postemployment benefits. However, the County has not recorded a liability for other postemployment benefits, nor has the county reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

**Cause** The County does not have an actuarial valuation performed annually so that a liability for other postemployment benefits could be recorded.

## HUMPHREYS COUNTY

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

<b>Effect</b>	The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities.
<b>Recommendation</b>	The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
<b>Response</b>	No response was provided for this finding.

#### General County.

##### Material Weakness

<b>2018-002.</b>	<u>Improper bank reconciliations.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls requires that bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
<b>Condition</b>	During the course of our test work, we found that bank reconciliations had been prepared but did not reconcile back to the general ledger cash balances.
<b>Cause</b>	The County did not reconcile the bank statements to the final general ledger amounts after all revenues, expenditures and adjusting journal entries were posted.
<b>Effect</b>	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash and could result in the loss of county funds.
<b>Recommendation</b>	The County should establish and maintain an effective system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
<b>Response</b>	No response was provided for this finding.

#### Inventory Control Clerk.

##### Material Weakness

<b>2018-003.</b>	<u>The Inventory Control Clerk did not record capital asset additions and deletions.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls over capital assets should include proper recording of additions and deletions.
<b>Condition</b>	The Inventory Control Clerk did not record additions and deletions to capital asset records.

HUMPHREYS COUNTY

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

<b>Cause</b>	The Inventory Control Clerk did not follow the best practice guidelines as described in the Mississippi County Financial Accounting Manual.
<b>Effect</b>	Failure to record capital asset additions and deletions could result in the loss of capital assets and inaccurate financial statements.
<b>Recommendation</b>	To achieve the objectives of the systems and account for capital asset additions and deletions, the Inventory Control Clerk should follow the best practice guidelines as described in the Mississippi County Financial Accounting Manual.
<b>Response</b>	No response was provided for this finding.