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**OKTIBBEHA COUNTY**  
**Audited Financial Statements**  
**For the Year Ended September 30, 2018**

**OKTIBBEHA COUNTY**  
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**OKTIBBEHA COUNTY**

**FINANCIAL SECTION**



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**INDEPENDENT AUDITORS' REPORT**

County Administrator and Members of the Board of Supervisors  
Oktibbeha County, Mississippi

**Report on the Financial Statements**

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

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

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

***Auditors' Responsibility***

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

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

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

### ***Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit***

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units would have been presented as \$101,852,766, \$20,051,973, \$81,767,881, \$67,573,482 and \$73,823,887.

### ***Adverse Opinion***

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

### ***Unmodified Opinions***

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

#### ***Supplementary and Other Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019 on our consideration of Oktibbeha 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 Oktibbeha 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 Oktibbeha County, Mississippi's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
October 23, 2019

*Watkins Ward and Stafford, PLLC*



**OKTIBBEHA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

***INTRODUCTION***

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

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

Oktibbeha County is located in northeastern Mississippi. The population, according to the 2010 census is 47,671. The local economic base is mainly Manufacturing, Research/Technology, and Mississippi State University.

***FINANCIAL HIGHLIGHTS***

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

Oktibbeha County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase.

Total net position decreased \$6,034,968 net of a prior period adjustment of (\$3,577,798) which represents a decrease of 21.12% from the prior fiscal year. The County's ending cash balance increased by \$752,148 from the prior fiscal year.

The County had \$29,353,822 in total revenues. Property tax revenues account for \$20,183,742 or 68.76% of total revenues. Intergovernmental revenues in the form of reimbursements, shared revenue or grants, account for \$3,997,299 or 13.62% of total revenues.

The County had \$31,810,992 in total expenses, which represents an increase of \$6,287,959 or 24.64% increase from the prior fiscal year. Expenses in the amount of \$5,920,174 were offset by charges for services, grants or outside contributions. General revenues of \$23,433,648 were not adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$13,636,791 in revenues and \$11,789,672 in expenditures. The General Fund's fund balance increased by \$869,958 which includes the excess revenues over expenses of \$1,847,119 less the decrease from the net effect of other financing sources and uses of \$418,887 and less a prior period adjustment of \$558,274. The other financial sources and uses includes the compensation for loss of capital assets of \$19,929, the transfer out to other government funds of \$438,816.

Among major funds, the Countywide Road Maintenance Fund had \$3,403,307 in revenues and \$3,633,302 in expenditures. The Countywide Road Maintenance Fund's fund balance decreased by \$252,447 which includes the excess of expenses over revenues of \$229,995 plus the increase from the net effect of other financing sources and uses of \$73,582 and a prior period adjustment of \$96,034. The other financing sources and uses includes the proceeds from the sale of capital assets of \$20,820 and the transfer in from the Countywide Road & Bridge Construction fund of \$52,762.

Among major funds, the OCH 2009 Bond & Interest Fund had \$1,241,122 in revenue and \$1,828,693 in expenditures. The OCH 2009 Bond & Interest Fund's fund balance had an increase of \$16,863,799 from the prior year which includes the excess of expenses over revenues of \$587,571 and an increase from the net effect of other financing sources and uses of \$17,451,370 which represents refunding bond issued of \$16,365,000 and premiums on bonds issued of \$1,086,370.

Among major funds, the Countywide Road Construction Fund had \$140,996 in revenues and \$6,531,634 in expenditures. The Countywide Road Construction Fund's fund balance had a decrease of \$6,443,400 which includes the excess of expenses over revenues of \$6,390,638 plus the decrease from the net effect of other financing sources and uses which includes a transfer out to Countywide Road Maintenance Fund of \$52,762.

Capital assets, net of accumulated depreciation, increased by \$4,248,066.

Long-term debt increased by \$22,209,907. However \$16,365,000 of the increase is due to refunding bonds being issued to refund the 2009 OCH GO bonds that were not actually refunded until November 1, 2018.

## ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

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

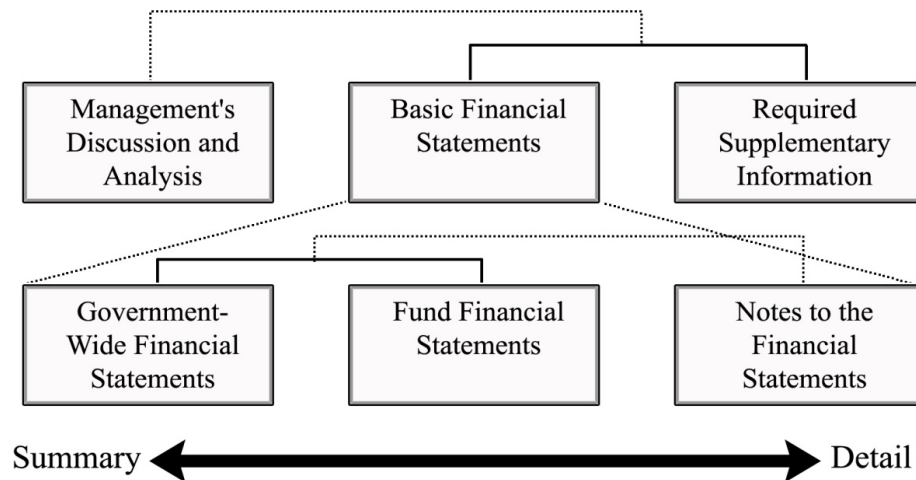


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

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

	Government Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	The County is the trustee or agent for someone else's resources
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues expenditures and changes in fund balances</li> </ul>	Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital and short and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short and long term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). However, the County had no business-type activities. The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; conservation of natural resources; economic development; and interest on long-term debt.

The Government-wide Financial Statements can be found on pages 16 and 17 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 19 and 21, respectively.

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

The basic governmental funds financial statements can be found on pages 18 and 20 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 22 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 23 through 49 of this report.

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 51 through 52 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net Position —Net position may serve over time as a useful indicator of government's financial position. In the case of Oktibbeha County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,742,164 as of September 30, 2018.

By far, the largest portion of the County's net position 178.74% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal year ended September 30, 2018 as compared to September 30, 2017.

	Governmental Activities 2018	Governmental Activities 2017
Current assets	\$ 71,734,443	55,861,181
Capital assets, net	<u>55,618,928</u>	<u>51,370,862</u>
Total assets	<u>127,353,371</u>	<u>107,232,043</u>
Deferred outflow of resources	<u>946,823</u>	<u>1,337,483</u>
Current liabilities	5,412,572	3,418,042
Long-term liabilities	<u>82,512,329</u>	<u>56,971,685</u>
Total liabilities	<u>87,924,901</u>	<u>60,389,727</u>
Deferred inflows of resources	<u>17,633,129</u>	<u>19,402,667</u>
Net position:		
Net investment in capital assets	40,649,664	35,314,799
Restricted	36,156,107	21,915,074
Unrestricted	<u>(54,063,607)</u>	<u>(28,452,741)</u>
Total net position	<u>\$ 22,742,164</u>	<u>28,777,132</u>

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

Long-term bond debt of \$7,000,000 was issued for the development of the industrial park, expenditures of these bond proceeds were expensed but were not considered capital assets. The deed to the property is held by the Oktibbeha County Economic Development Authority. Also the county had to recognize the liability for other postemployment benefits under GASB 75 which created a decrease in net position of approximately \$3,000,000.

**Changes in Net Position** — Oktibbeha County's total revenues for the fiscal year ending September 30, 2018 were \$29,339,822. The total cost for all services provided were \$31,810,992. The total change in net position of (\$6,034,968) included a current period decrease of (\$2,457,170) and a prior period adjustment of (\$3,577,798).

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,756,445	3,514,764
Operating grants & contributions	1,314,244	2,253,792
Capital grants & contributions	1,849,485	1,146,745
General revenues:		
Property taxes	20,183,742	17,901,845
Road & bridge privilege taxes	463,733	454,447
Grants & contributions not restricted to to specific programs	830,070	907,439
Unrestricted Gifts & Donations	27,700	18,502
Unrestricted interest income	446,079	156,457
Miscellaneous	1,482,324	1,395,982
Total revenues	<u>29,353,822</u>	<u>27,749,973</u>
Expenses		
General government	5,437,238	6,197,142
Public safety	5,120,675	5,290,717
Public works	11,116,347	7,290,342
Health and welfare	1,605,150	1,698,713
Culture and recreation	204,577	194,229
Education	262,264	366,501
Conservation of natural resources	129,143	142,303
Economic development & assistance	3,339,514	759,299
Interest on long-term debt	2,056,209	1,052,428
Pension expense	2,349,452	2,531,359
OPEB expense	190,423	0
Total expenses	<u>31,810,992</u>	<u>25,523,033</u>
Change in net position	(2,457,170)	2,226,940
Prior period adjustment	<u>(3,577,798)</u>	<u>(88,744)</u>
Total change in net position	<u>\$ (6,034,968)</u>	<u>2,138,196</u>



**Governmental Activities** - The following table presents the cost of the major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Education, Conservation of Natural Resources Economic Development and Assistance, Interest on Long Term Debt and Pension Expense.

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

	Total Cost	Net Cost
General government	\$ 5,437,238	\$ 4,255,005
Public safety	5,120,675	4,042,590
Public works	11,116,347	7,785,427
Health and welfare	1,605,150	1,576,214
Culture & recreation	204,577	204,577
Education	262,264	262,264
Conservation of natural resources	129,143	129,143
Economic development & assistance	3,339,514	3,039,514
Interest on long term debt	2,056,209	2,056,209
Pension expense	2,349,452	2,349,452
OPEB expense	190,423	190,423

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

**Governmental funds** — Oktibbeha County's governmental funds reported a combined fund balance of \$46,712,142 a current period net increase of \$15,277,387. The primary reasons for this increase are highlighted in the analysis of governmental activities. In addition, other factors that affected ending fund balance are as follows:

Excess of expenditures over revenues of \$8,410,229; plus the increase of the net effect of other financing sources of \$24,492,119; less a prior period adjustment of (\$804,503). Other financing sources include the issuance of long-term debt of \$7,000,000 for economic development investment for the development of the industrial park; refunding bonds issued to refinance the 2009 OCH Bonds in the amount of \$16,365,000 which will yield a saving of \$636,894 interest expense to Oktibbeha County; the premium on bonds issued of \$1,086,370; the proceeds of \$20,507 from the sale of capital assets; and compensation for loss of assets of \$20,242.

The General Fund is the principal operating fund of the County, and did have an increase in the year-end fund balance over the prior year of \$869,958.

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

Over the course of the year, Oktibbeha County revised its annual operating budget on several occasions. Significant budget amendments are explained as follows:

Budgeted revenues from state and federal sources were amended to account for grants awarded.

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

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

**Capital Assets** — As of September 30, 2018, Oktibbeha County's total gross capital assets were \$119,717,250. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$5,694,758, which included an increase of \$215,821 in mobile equipment, a decrease of \$140,000 in lease- purchases of equipment, a decrease of \$8,564 in furniture and equipment and an increase of \$3,793,538 of additional bridge and road projects and an increase of \$1,833,963 construction in process of road, bridges and buildings.

Total accumulated depreciation as of September 30, 2018 was \$64,098,322 which includes \$1,735,035 of depreciation expense for the current year. The balance in total net capital assets was \$55,618,928 at year-end.

Additional information on Oktibbeha County's capital assets is in note 7 on page 34 of this report.

**Debt Administration** — At September 30, 2018, Oktibbeha County had \$62,145,510 in long-term debt outstanding. This includes general obligation bonds, other loans and obligations under capital lease. Of this debt, \$19,344,998 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value unless the debt is hospital related and the limit is increased to 20%. Oktibbeha County's allowable debt limit is 20% of total assessed value. The County's outstanding debt as of September 30, 2018 was equal to 14.57% of the latest property assessments.

Additional information on Oktibbeha County's long-term debt can be found in note 12 on page 44 of this report.

## ***CURRENT AND FUTURE ITEMS OF IMPACT***

With Mississippi State University located in Oktibbeha County, the City of Starkville and the County continue to reap the benefits of the staff and now over 21,000 students living in the community almost year-round has a positive impact on the local economy. Apartment complexes continue to be built to keep up with the demand for off-campus student housing. Oktibbeha County's assessed valuation has increased greater than 4% annually which continues to have a positive impact on the county's millage rates.

Through the partnership with the Golden Triangle Economic Development Link, Oktibbeha County and the City of Starkville have purchased land for the development of a new industrial park site. The Link is a one of a kind venture and potentially the wave of the future in economic development strategy.

With the county's partnership in the Link and MSU's continued student growth, the future looks very bright for Oktibbeha County.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Emily Garrard, Oktibbeha County Administrator at P.O. Box 80285, Starkville, Mississippi 39759.

**OKTIBBEHA COUNTY**

**FINANCIAL STATEMENTS**

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

**Exhibit 1**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 34,729,781
Accrued interest receivable	35,303
Property tax receivable	16,974,219
Accounts receivable (net of allowance for uncollectibles of \$2,439,153)	217,936
Fines receivable (net of allowance for uncollectibles of \$7,438,074)	2,066,168
Intergovernmental receivables	647,182
Other receivables	41,781
Inventories and prepaid items	119,356
Restricted assets	16,902,717
Capital assets:	
Land and construction in progress	6,817,802
Other capital assets, net	48,801,126
Total Assets	<u>127,353,371</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	946,823
Total Deferred Outflows of Resources	<u>946,823</u>
 <b>LIABILITIES</b>	
Claims payable	3,323,403
Intergovernmental payables	479,461
Accrued interest payable	501,368
Unearned revenue	96,968
Other payables	723,001
Claims and judgments payable	288,371
Long-term liabilities:	
Due within one year:	
Capital debt	1,208,920
Non-capital debt	18,136,078
Other postemployment benefits payable	852,774
Due in more than one year:	
Capital debt	13,760,344
Non-capital debt	29,040,168
Other postemployment benefits payable	2,109,803
Net pension liability	17,404,242
Total Liabilities	<u>87,924,901</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	444,141
Deferred inflows related to postemployment benefits	214,769
Deferred revenues - property taxes	16,974,219
Total Deferred Inflows of Resources	<u>17,633,129</u>
 <b>NET POSITION</b>	
Net investment in capital assets	40,649,664
Restricted for:	
Expendable:	
General government	445,823
Public safety	1,543,282
Public works	9,152,034
Health and welfare	1,360,345
Economic development and assistance	3,873,758
Debt service	19,780,865
Unrestricted	(54,063,607)
Total Net Position	<u>\$ 22,742,164</u>

The accompanying notes to financial statements are an integral part of these statements.

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

**Exhibit 2**

					Net (Expense) Revenue and Changes in Net Position
<u>Program Revenues</u>					
			Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government Governmental Activities</u>
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>			
Primary government:					
Governmental activities:					
General government	\$ 5,437,238	1,145,736	36,497	-	(4,255,005)
Public safety	5,120,675	699,810	218,529	159,746	(4,042,590)
Public works	11,116,347	910,899	730,282	1,689,739	(7,785,427)
Health and welfare	1,605,150	-	28,936	-	(1,576,214)
Culture and recreation	204,577	-	-	-	(204,577)
Education	262,264	-	-	-	(262,264)
Conservation of natural resources	129,143	-	-	-	(129,143)
Economic development and assistance	3,339,514	-	300,000	-	(3,039,514)
Interest on long-term debt	2,056,209	-	-	-	(2,056,209)
Pension expense	2,349,452	-	-	-	(2,349,452)
OPEB expense	190,423	-			(190,423)
Total Governmental Activities	\$ 31,810,992	2,756,445	1,314,244	1,849,485	(25,890,818)
General revenues:					
Property taxes				\$ 20,183,742	
Road & bridge privilege taxes				463,733	
Grants and contributions not restricted to specific programs				830,070	
Unrestricted interest income				446,079	
Unrestricted gifts and donations				27,700	
Miscellaneous				1,482,324	
Total General Revenues				23,433,648	
Changes in Net Position					(2,457,170)
Net Position - Beginning, as previously reported					
Prior period adjustment					(3,577,798)
Net Position - Beginning, as restated					25,199,334
Net Position - Ending					
				\$ 22,742,164	

The accompanying notes to financial statements are an integral part of these statements.

**OKTIBBEHA COUNTY**  
**Balance Sheet - Governmental Funds**  
**September 30, 2018**

**Exhibit 3**

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	OCH 2009 Bond & Interest Fund	Countywide Road & Bridge Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 12,430,596	1,043,636	1,783,871	8,358,563	11,113,115	34,729,781
Cash with fiscal agents	-	-	3,585	-	508	4,093
Restricted assets - Investments	-	-	16,898,625	-	-	16,898,625
Accrued interest receivable	15,644	1,023	2,518	7,083	9,035	35,303
Property tax receivable	9,154,650	1,907,460	47,686	-	5,864,423	16,974,219
Accounts receivable (net of allowance for uncollectibles of \$2,439,153)	-	-	-	-	217,936	217,936
Fines receivable (net of allowance for uncollectibles of \$7,438,074)	2,066,168	-	-	-	-	2,066,168
Intergovernmental receivables	428,089	60,066	-	-	159,027	647,182
Other receivables	5,873	-	-	-	35,908	41,781
Due from other funds	22,435	54,192	353	-	70,092	147,072
Inventories and prepaid items	-	-	-	-	119,356	119,356
Total Assets	<u>\$ 24,123,455</u>	<u>3,066,377</u>	<u>18,736,638</u>	<u>8,365,646</u>	<u>17,589,400</u>	<u>71,881,516</u>
<b>LIABILITIES</b>						
Liabilities:						
Claims payable	\$ 429,693	572,082	-	1,686,017	635,612	3,323,404
Intergovernmental payables	449,757	29,704	-	-	-	479,461
Due to other funds	124,637	-	-	-	22,435	147,072
OPEB liability	591,771	101,796	-	-	159,207	852,774
Unearned revenue	-	-	-	-	96,968	96,968
Other payables	723,001	-	-	-	-	723,001
Claims and judgments payable	288,371	-	-	-	-	288,371
Total Liabilities	<u>\$ 2,607,230</u>	<u>703,582</u>	<u>-</u>	<u>1,686,017</u>	<u>914,222</u>	<u>5,911,051</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes	9,154,650	1,907,460	47,686	-	5,864,423	16,974,219
Unavailable revenue - accounts receivable	-	-	-	-	217,936	217,936
Unavailable revenue - fines receivable	2,066,168	-	-	-	-	2,066,168
Total Deferred Inflows of Resources	<u>\$ 11,220,818</u>	<u>1,907,460</u>	<u>47,686</u>	<u>-</u>	<u>6,082,359</u>	<u>19,258,323</u>
<b>Fund balances:</b>						
Nonspendable:						
Prepaid items	-	-	-	-	119,356	119,356
Restricted for:						
General government	-	-	-	-	445,823	445,823
Public safety	-	-	-	-	1,543,282	1,543,282
Public works	-	455,335	-	6,679,629	1,679,778	8,814,742
Health and welfare	-	-	-	-	1,360,345	1,360,345
Economic development and assistance	-	-	-	-	3,873,758	3,873,758
Debt service	-	-	18,688,952	-	1,593,281	20,282,233
Unassigned	10,295,407	-	-	-	(22,804)	10,272,603
Total Fund Balances	<u>\$ 10,295,407</u>	<u>455,335</u>	<u>18,688,952</u>	<u>6,679,629</u>	<u>10,592,819</u>	<u>46,712,142</u>
Total Liabilities and Fund Balances	<u>\$ 24,123,455</u>	<u>3,066,377</u>	<u>18,736,638</u>	<u>8,365,646</u>	<u>17,589,400</u>	<u>71,881,516</u>

The accompanying notes to financial statements are an integral part of these statements.

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 46,712,142
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$64,098,322.	55,618,928
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	2,066,168
Accounts receivable	217,936
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(62,145,510)
Other postemployment benefits that were not due and payable in the current period and, therefore, were not reported in the funds.	(2,109,803)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(17,404,242)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(501,368)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	946,823
Deferred inflows of resources related to postemployment benefits	(214,769)
Deferred inflows of resources related to pensions	<u>(444,141)</u>
Total Net Position - Governmental Activities	\$ <u><u>22,742,164</u></u>

The accompanying notes to financial statements are an integral part of these statements.

## OKTIBBEHA COUNTY

## Exhibit 4

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

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	OCH 2009 Bond & Interest Fund	Countywide Road & Bridge Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 10,863,196	2,246,110	37,539	-	7,036,897	20,183,742
Road and bridge privilege taxes	4,947	458,786	-	-	-	463,733
Licenses, commissions and other revenue	522,644	340	6	-	32,831	555,821
Fines and forfeitures	500,787	-	-	-	1,337	502,124
Intergovernmental revenues	1,048,629	673,280	56	-	2,275,334	3,997,299
Charges for services	260,223	-	-	-	1,360,798	1,621,021
Interest income	182,400	11,262	20,656	140,890	90,872	446,080
Miscellaneous revenues	253,965	13,529	1,182,865	106	40,046	1,490,511
Total Revenues	13,636,791	3,403,307	1,241,122	140,996	10,838,115	29,260,331
<b>EXPENDITURES</b>						
Current:						
General government	5,534,468	-	-	-	551,134	6,085,602
Public safety	4,469,794	-	-	-	1,242,849	5,712,643
Public works	68,837	3,528,895	-	6,531,634	5,893,512	16,022,878
Health and welfare	449,976	-	-	-	1,191,821	1,641,797
Culture and recreation	188,941	-	-	-	15,636	204,577
Education	262,264	-	-	-	-	262,264
Conservation of natural resources	129,143	-	-	-	-	129,143
Economic development and assistance	450,631	-	-	-	2,896,676	3,347,307
Debt service:						
Principal	221,219	100,182	615,000	-	1,334,000	2,270,401
Interest	14,399	4,225	661,532	-	755,175	1,435,331
Bond issue costs	-	-	552,161	-	6,456	558,617
Total Expenditures	11,789,672	3,633,302	1,828,693	6,531,634	13,887,259	37,670,560
Excess of Revenues over (under) Expenditures	1,847,119	(229,995)	(587,571)	(6,390,638)	(3,049,144)	(8,410,229)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term non-capital debt issued	-	-	-	-	7,000,000	7,000,000
Refunding bonds issued	-	-	16,365,000	-	-	16,365,000
Proceeds from sale of capital assets	-	20,507	-	-	-	20,507
Premiums on bonds issued	-	-	1,086,370	-	-	1,086,370
Compensation for loss of capital assets	19,929	313	-	-	-	20,242
Transfers in	-	52,762	-	-	438,816	491,578
Transfers out	(438,816)	-	-	(52,762)	-	(491,578)
Total Other Financing Sources and Uses	(418,887)	73,582	17,451,370	(52,762)	7,438,816	24,492,119
Net Changes in Fund Balances	1,428,232	(156,413)	16,863,799	(6,443,400)	4,389,672	16,081,890
Fund Balances - Beginning, as previously reported	9,425,449	707,782	1,825,153	13,123,029	6,353,342	31,434,755
Prior period adjustments	(558,274)	(96,034)	-	-	(150,195)	(804,503)
Fund Balances - Beginning, as restated	8,867,175	611,748	1,825,153	13,123,029	6,203,147	30,630,252
Fund Balances - Ending	\$ 10,295,407	455,335	18,688,952	6,679,629	10,592,819	46,712,142

The accompanying notes to financial statements are an integral part of these statements.



**OKTIBBEHA COUNTY****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****Exhibit 4-1**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 16,081,890
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 \$6,045,194 exceeded depreciation of \$1,735,085 in the current period.	4,310,109
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$11,536 and the proceeds from the sale of \$20,507 in the current period.	(32,043)
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.	94,348
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.	(21,101)
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 proceeds of \$24,451,370, which includes a bond premium of \$1,086,370 exceeded the debt repayments of \$2,270,401.	(22,180,969)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences liability	(38,722)
Increase in accrued interest payable	(72,045)
Amortization of bond premium	9,784
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	(2,349,452)
Recording of contributions made during the year	1,078,680
Some items reported in the Statement of Activities relating to the implementation of GASB 75 are not reported in the governmental funds. These activities include:	
Recording of OPEB expense for the current period	(190,423)
Recording of contributions made during the year	852,774
Change in Net Position of Governmental Activities	\$ <u>(2,457,170)</u>

The accompanying notes to financial statements are an integral part of these statements.

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

**Exhibit 5**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 130,227
Total Assets	\$ <u>130,227</u>
<b>LIABILITIES</b>	
Intergovernmental payables	\$ 89,941
Other payables	<u>40,286</u>
Total Liabilities	\$ <u>130,227</u>

The accompanying notes to financial statements are an integral part of these statements.

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Oktibbeha 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 Oktibbeha County to present these financial statements on the primary government and its component unit which have significant operational or financial relationships with the County.

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

- Oktibbeha County Hospital

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. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

The County reports the following major Governmental Funds:

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

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

OCH 2009 Bond & Interest Fund – This fund is used to account for resources available to repay to Series 2009 General Obligation Bonds issued for construction on Oktibbeha County Hospital.

Countywide Road and Bridge Construction Fund – This fund is used to account for the proceed of the General Obligation Bonds issued during the fiscal year that are restricted for road and bridge construction

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

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

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

**FIDUCIARY FUND TYPE**

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

**D. 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.

**E. Deposits and Investments.**

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

**F. Receivables.**

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

**G. Interfund Transactions and Balances.**

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**H. Prepaid Items.**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

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

**I. Restricted Assets.**

During the fiscal year the county refinanced the 2009 OCH General Obligation Bonds. The county issued refunding bonds (Series 2018A and Series 2018B) in the amount of \$16,365,000 to pay off the 2009 OCH General Obligation Bonds on August 29, 2018. The 2009 OCH General Obligation Bonds could not be paid until November 1, 2018. Therefore the proceeds of the new debt issuances along with the related premium on the bond issuances were placed into trust accounts with Regions Bank. These funds are set aside to pay the 2009 OCH General Obligation Bonds off as well as cover any bond issuance costs of the new bond issues.

**J. Capital Assets.**

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

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

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

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

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

K. Deferred Outflows/Inflows of Resources:

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

Deferred 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 statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

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.

Deferred inflows related to OPEB – This amount represents the County's deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 10 for additional details.

L. 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.

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

M. Postemployment benefits.

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, GASB statement 75 requires a liability for OPEB obligation, known as a Net OPEB liability (Total OPEB liability for unfunded plans) to be recognized on the Statement of Net Position. Changes in the Total OPEB liability will be immediately recognized as OPEB expense on the Statement of Activities or reported as deferred inflows/outflows of resources depending on the nature of the change. The County's benefit program is an unfunded plan and there has been no trust established for the county to contribute assets for payments for future benefits.

N. Long-term Liabilities.

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

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

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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



**OKTIBBEHA COUNTY**  
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Fund Financial Statements:

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

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

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

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

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

Fund Balance Flow Assumption:

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

P. Property Tax Revenues:

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

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

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

**Q. Intergovernmental Revenues in Governmental Funds.**

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

**R. Compensated Absences.**

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

**S. Changes in Accounting Standards.**

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions of this standard has been incorporated into the financial statements and notes.

**(2) Prior Period Adjustment.**

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
Error in reporting construction in progress for FYE 9/30/17	\$ (30,000)
Implementation of GASB 75	
OPEB liability (measurement date - September 30, 2017)	(3,547,798)
Total prior period adjustment	\$ <u>(3,577,798)</u>

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

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances –Governmental Funds.

Fund	Explanation	Amount
General Fund	Implementation of GASB 75 - OPEB liability (measurement date - September 30, 2017)	\$ (558,274)
Countywide Road Maintenance Fund	Implementation of GASB 75 - OPEB liability (measurement date - September 30, 2017)	(96,034)
Other Governmental Fund	Implementation of GASB 75 - OPEB liability (measurement date - September 30, 2017)	(150,195)
Total prior period adjustment		<u>\$ (804,503)</u>

(3) Deposits, Cash with Fiscal Agents and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$34,860,008 (\$34,729,781 in governmental activities and \$130,227 in fiduciary activities), and the bank balance was \$35,059,352. 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.

Cash with Fiscal Agents

The carrying amount of the county's cash with fiscal agents held by financial institutions was \$4,093.

Investments:

Investments balances at September 30, 2018, are as follows:

Investment Type	Maturities	Fair Value Level	Fair Value
US Treasury Bills	Less Than 1 Year	Level 1	\$ 16,898,625
Total			<u>\$ 16,898,625</u>

**OKTIBBEHA COUNTY**  
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The county categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3. Level 1 inputs include US government and agency securities, foreign government debt, listed equities and money market securities. Level 2 inputs include corporate bonds (investment grade, high yield), mortgage-backed securities, bank loans, loan commitments, less liquid listed equities, municipal bonds and certain OTC derivatives. Level 3 inputs include distressed debt, private equity, exotic or non-standard derivatives.

**Interest Rate Risk.** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

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

**Custodial Credit Risk - Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investments, none of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

(4) **Interfund Transactions and Balances.**

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 22,435
Countywide Road Maintenance Fund	General Fund	54,192
OCH 2009 Bond & Interest Fund	General Fund	353
Other Governmental Funds	General Fund	70,092
Total		\$ <u>147,072</u>

The receivable represent the tax revenue collected in September 2018, but not settled until October 2018 and amount due the General fund for a loan to an Other governmental fund until related grant funding could be received. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**OKTIBBEHA COUNTY**  
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**B. Transfers In/Out:**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Countywide Road Maintenance Fund	Countywide Road & Bridge Construction Fund	\$ 52,762
Other Governmental Funds	General Fund	438,816
Total		<u>\$ 491,578</u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**(5) Intergovernmental Receivables.**

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

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ 190,286
Monica Banks, Former Chancery Clerk Reimbursement	129,054
Golden Triangle September 2018 Solid Waste Settlement	78,353
City of Starkville Reimbursement Economic Development Project	53,438
Gas Severance Tax	50,688
Oktribbeha County Economic Development Authority Reimbursement	25,000
Greater Starkville Development Partnership Reimbursement	25,000
Motor Vehicle License/Overweight Fines/Harvest Permits	17,685
Sheriff's Department Reimbursement	15,058
State Aid Road Reimbursement	14,672
MDOC Reimbursement for Housing Prisoners	12,254
Big Truck Loss Reimbursement	9,491
Department of Public Safety Reimbursements	6,459
Chancery Clerk Reimbursements	4,108
Other	15,636
Total	<u>\$ 647,182</u>

**OKTIBBEHA COUNTY**  
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(6) Restricted Assets.

The balances of the restricted asset accounts in the 2009 OCH Bond & Interest Fund consist of the following at September 30, 2018:

<u>Description</u>		<u>Amount</u>
2018A Refunding Bond Escrow Account	\$	10,076,099
2018B Refunding Bond Escrow Account		6,822,526
Bond Issuance Expense Series 2018A Refunding Bonds		3,521
Bond Issuance Expense Series 2018B Refunding Bonds		64
2009 Bond Fund		173
2010 Bond Fund		335
Total	\$	<u><u>16,902,718</u></u>

**OKTIBBEHA COUNTY**  
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(7) Capital Assets.

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

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,016,113	-	-	-	1,016,113
Construction in progress	3,967,726	5,657,501	-	(3,823,538)	5,801,689
Total non-depreciable capital assets	4,983,839	5,657,501	-	(3,823,538)	6,817,802
<u>Depreciable capital assets:</u>					
Infrastructure	87,759,792	-	-	3,793,538	91,553,330
Buildings	8,227,827	-	-	-	8,227,827
Mobile equipment	9,959,778	341,611	265,790	140,000	10,175,599
Furniture and equipment	1,579,782	46,082	54,646	-	1,571,218
Leased property under capital lease	1,511,474	-	-	(140,000)	1,371,474
Total depreciable capital assets	109,038,653	387,693	320,436	3,793,538	112,899,448
<u>Less accumulated depreciation for:</u>					
Infrastructure	50,022,723	956,760	-	-	50,979,483
Buildings	3,217,312	141,374	-	-	3,358,686
Mobile equipment	7,649,434	339,956	239,211	37,800	7,787,979
Furniture and equipment	1,260,706	65,167	49,182	-	1,276,691
Leased property under capital lease	501,455	231,828	-	(37,800)	695,483
Total accumulated depreciation	62,651,630	1,735,085	288,393	-	64,098,322
Total depreciable capital assets, net	46,387,023	(1,347,392)	32,043	3,793,538	48,801,126
Governmental activities capital assets, net	\$ 51,370,862	4,310,109	32,043	(30,000)	55,618,928

\* Adjustments were made to transfer construction in progress of road and bridges completed during the year to infrastructure and to transfer leased mobile equipment under capital leases that were paid off during the year. In addition to these there was a \$30,000 error in reporting construction in progress at September 30, 2017.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 171,593
Public safety	414,371
Public works	1,149,121
Total governmental activities depreciation expense	\$ 1,735,085

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
County Road - Fate Douglas Road	\$ 2,796	September 2019
County Road - John High Road	58,183	September 2019
County Road - P D Fulgham Road	3,786	September 2019
County Road - Yeates Subdivision Road	31,782	September 2019
County Road - Whispering Pine Road	7,200	September 2019
County Road - Travis Lane	7,056	September 2019
County Road - Pat Station Road	200,000	Unknown
County Road - Bel Air Subdivision Road	334,505	September 2019
County Road - Artesia Road	23,364	September 2019
County Road - Chapel Hill Road	429,374	September 2019
State Aid Road - Longview Road	2,212,426	Unknown
State Aid Road - Sun Creek/16th Section/Old Hwy 12	18,659	September 2019
State Aid Road - Blackjack Road	4,200,000	Unknown
State Aid Road - Dotson Bridge	59,670	September 2019
State Aid Road - McHann Bridge	201,453	September 2019
State Aid Road - Reed Road Bridge	4,653	September 2019
Safe Room	1,010,181	September 2019

(8) Claims and Judgments.

Risk Financing.

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

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2014 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund to account for and finance its uninsured risk of loss.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Oktibbeha County pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for the County, to the extent that actual claims submitted exceed the predetermined premium. The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000.



**OKTIBBEHA COUNTY**  
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Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2018, the amount of these liabilities was \$288,371. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2016-2017	\$ 167,025	2,417,517	(2,364,034)	220,508
2017-2018	\$ 220,508	2,376,736	(2,308,873)	288,371

(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	\$ 1,371,474
Less: Accumulated depreciation	(695,483)
Leased Property Under Capital Leases	<u>\$ 675,991</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	\$ 327,523	11,703
2020	311,251	6,290
2021	90,101	1,467
2022	7,594	13
Total	<u>\$ 736,469</u>	<u>19,473</u>

**OKTIBBEHA COUNTY**  
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- (10) Other Postemployment Benefits.

**General Information about the OPEB Plan.**

*Plan description.* The County's defined benefit OPEB plan, Oktibbeha County, Mississippi Other Post-Employment Benefits Program, provides OPEB for all permanent full time employees of the County. The Oktibbeha County, Mississippi Other Post-Employment Benefits Program is a single-employer defined benefit OPEB plan administered by Oktibbeha County. No trust has been created for the OPEB Plan and the plan does not issue a stand-alone financial report. Participants can retire and elect OPEB benefits under the following eligibility:

- Attained age 60 and completed at least 8 years member service, or
- Completed 25 years of creditable service for members hired prior to July 1, 2011, or
- Completed 30 years of creditable service hired on or after July 1, 2011.

*Benefits provided.* The Oktibbeha County, Mississippi Other Post-Employment Benefits Program provides healthcare benefits, including dental and prescription drug benefits for retirees and their dependents. Life Insurance is also available to retirees. Benefits are provided through a third-party insurer, and the full costs of the benefits is covered by the plan with the exception of deductibles listed below:

- \$525 for individual coverage / \$1,050 for family coverage

*Employees covered by benefit terms.* On October 1, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefit payments	26
Active employees	<u>139</u>
Total	<u>165</u>

*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. A retiree and spouse younger than age 65 pays \$673.20 per month for single coverage and \$979 per month for family coverage. A retiree and spouse older than age 65 pays \$336.60 per month for single coverage and \$592.56 per month for family coverage. The premium for a retiree and spouse where one of them is over age 65 and one is younger than age 65 is \$932 for family coverage. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan (implicit rate subsidy) from the County were \$804,503 for the year ended September 30, 2018.

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

At September 30, 2018, the County reported an OPEB liability of \$2,962,577. The OPEB liability was measured as of September 30, 2018. The total OPEB liability was determined by an actuarial valuation as of September 30, 2017 with these amounts rolled forward to include changes for the current year. These changes include the service cost; interest on the total OPEB liability; the effect of assumption changes or inputs; and county contributions (benefit payments) during the year ended September 30, 2018.

**OKTIBBEHA COUNTY**  
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For the year ended September 30, 2018, the District recognized OPEB expense of \$190,423. At September 30, 2018, the County reported deferred inflows of resources related to OPEB from the following sources:

		<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$	-	\$	214,769
Total	\$	-	\$	214,769

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30:

2019	\$ (30,858)
2020	(30,858)
2021	(30,858)
2022	(30,858)
2023	(30,858)
Thereafter	(60,479)

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

Inflation	2.30 percent
Salary increases	3.00 percent, including inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	3.64 percent
Prior Measurement Date	3.058 percent
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	3.64 percent
Prior Measurement Date	3.058 percent

**OKTIBBEHA COUNTY**  
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Health Care Cost Trends	
Medicare Supplement Claims	5.00 percent for 2017 decreasing to an ultimate rate of 4.50 percent by 2031
Pre-Medicare	6.10 percent for 2017 decreasing to an ultimate rate of 5.30 percent by 2031
Dental	3.84 percent for 2017 and later years

Mortality rates were based on the RP-2000 System Table with Floating Scale AA projections for Males and Females. Employee mortality is projected to valuation year plus 15 years. Annuitant mortality is projected to valuation plus 7 years.

The demographic actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study dated October 1, 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 September 30, 2018 valuation were based on a review of recent plan experience done concurrently with the September 30, 2018 valuation.

The plan had no assets as of the measurement date of 2018.

*Discount rate.* The discount rate used to measure the total OPEB liability at September 30, 2018 was 3.64 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.058% to 3.64%.

Since no trust was set up as of September 30, 2018, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2018.

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.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>	<b>Deferred Inflows</b>	<b>Total OPEB Liability plus Deferrals</b>	<b>Annual Expense</b>
Balance as of October 1, 2017	\$ 243,628	-	243,628	
Restatement due to change in accounting standards*	3,547,798	-	3,547,798	
Restated Balance, As of October 1, 2017	\$ 3,791,426	-	3,791,426	
Changes for the year:				
Service cost	114,059		114,059	\$ 114,059
Interest on total OPEB liability	107,222		107,222	107,222
Effect of assumption changes or inputs	(245,627)	245,627	-	
Benefit payments	(804,503)		(804,503)	
Recognition of assumption changes or inputs		(30,858)	(30,858)	(30,858)
Annual expense				<u>\$ 190,423</u>
Balances as of September 30, 2018	<u>\$ 2,962,577</u>	<u>214,769</u>	<u>3,177,346</u>	

**OKTIBBEHA COUNTY**  
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\* OPEB liability was restated due to the county reporting the total OPEB liability under GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The county had previously reported the total OPEB liability under GASB Statement 45 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement 75 is effective for fiscal years beginning after June 15, 2017.

*Sensitivity of the County's OPEB liability to changes in the discount rate.* The following presents the County's OPEB liability, as well as what the County's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current discount rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
OPEB liability	\$ 3,405,567	\$ 2,962,577	\$ 2,606,807

*Sensitivity of the County's proportionate share of the OPEB liability to changes in the healthcare cost trend rates.* The following presents the County's OPEB liability, as well as what the County's 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:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
OPEB liability	\$ 2,585,642	\$ 2,962,577	\$ 3,437,145

*OPEB plan fiduciary net position.* The fiduciary net position for the OPEB plan was zero as of September 30, 2018, the measurement date. Therefore, no separately issued financials were prepared.

(11) **Defined Benefit Pension Plan.**

*General Information about the Pension Plan*

Plan Description. Oktibbeha 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

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

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 \$1,078,680, \$1,013,248 and \$1,039,040, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the County reported a liability of \$17,404,242 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 .104637 percent, which was based on a measurement date of June 30, 2018. This was an increase of .003620 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.

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

For the year ended September 30, 2018, the County recognized pension expense of \$2,349,452. 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	\$ 73,189	70,830
Net difference between projected and actual earnings on pension plan investments	-	364,198
Changes of assumptions	9,913	9,113
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	572,387	-
County contributions subsequent to the measurement date	291,334	-
Total	\$ <u>946,823</u>	<u>444,141</u>

\$291,334 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	\$ 436,394
2020	118,027
2021	(264,804)
2022	(78,269)
2023	-
Thereafter	-
Total	\$ <u>211,348</u>

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate 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	2.50
Cash	1.00	-
Total	<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%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 22,916,392	17,404,242	12,822,917

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



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

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>A. General Obligation Bonds:</b>			
2009 Oktibbeha County Hospital	\$ 17,295,000 *	4.00%	Nov-18
2010 Oktibbeha County Hospital	5,280,000 **	2.00-4.125%	Sep-35
2011 Refunding Bonds Road & Bridge Construction	365,000	2.00-3.25%	Mar-21
2017 Road and Bridge Construction Bonds	13,865,000	2.40%	May-32
2017 Industrial Park Bonds	6,630,000	3.50-3.80%	Sep-32
2018A Refunding Bonds 2009 Oktibbeha County Hospital	9,710,000	2.00-4.00%	Nov-32
2018B Refunding Bonds 2009 Oktibbeha County Hospital	6,655,000	2.00-4.00%	Nov-34
<b>Total General Obligation Bonds</b>	<b>\$ 59,800,000</b>		
<b>B. Capital Leases</b>			
(20) Dodge Chargers/1 Dodge Ram	\$ 280,748	1.87%	Jan-20
(2) 2017 Western Star 10 Wheelers	105,070	1.71%	Jun-20
Paving Machine	78,198	1.87%	Jul-20
EMA Equipment	272,453	2.05%	Oct-21
<b>Total Capital Leases</b>	<b>\$ 736,469</b>		

\* These bonds are secured by the full faith and credit and taxing power of the county as well as additional net revenues from the Oktibbeha County Hospital. However, any assets acquired or improvements made with the proceeds of these bonds are not included in Oktibbeha County's financial statements. Oktibbeha County Hospital contributed \$1,182,864 to the County during fiscal year 2018 towards reducing the outstanding debt. Also these bonds were refunded on November 1, 2018 with the 2018A and 2018B refunding bonds.

\*\* These bonds are secured by the full faith and credit and taxing power of the county. However, any assets acquired or improvements made with the proceeds of these bonds are not included in Oktibbeha County's financial statements.

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

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2019	\$ 18,940,000	1,489,643
2020	2,180,000	1,309,484
2021	2,255,000	1,247,229
2022	2,305,000	1,184,256
2023	2,390,000	1,114,536
2024-2028	13,350,000	4,467,487
2029-2033	14,655,000	2,080,745
2034-2038	3,725,000	169,725
Total	<u>\$ 59,800,000</u>	<u>13,063,105</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 14.57% 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			Balance	Amount due
	Oct. 1, 2017	Additions	Reductions	Sept. 30, 2018	within one year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 451,574	38,722	-	490,296	-
General Obligation Bonds	38,380,000	23,365,000	1,945,000	59,800,000	18,940,000
Add: Premiums	42,159	1,086,370	9,784	1,118,745	77,475
Capital Leases	1,061,870	-	325,401	736,469	327,523
Total	<u>\$ 39,935,603</u>	<u>24,490,092</u>	<u>2,280,185</u>	<u>62,145,510</u>	<u>19,344,998</u>

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

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

(13) Deficit Fund Balances of Individual Funds.

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

<u>Fund</u>	<u>Deficit Amount</u>
Homeland Emergency Preparedness Grant Fund	\$ 22,804

(14) Contingencies.

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

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.

General Obligation Bonds Series 2010 – On September 30, 2010, the County issued \$6,500,000 in General Obligation Bonds to fund construction projects for the renovation of Oktibbeha County Hospital. The County has approximately \$1,288,245 of bond proceeds in the Oktibbeha County Hospital Construction Fund at September 30, 2018. The County will use the remaining bond proceeds to repay the debt.

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Oktibbeha County Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2018, is \$8,330,000.

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(54,063,607) includes the effect of deferred inflows/outflows of resources related to pensions and the effect of deferred inflows related to other postemployment benefits. A portion of the deferred outflow of resources related to pension in the amount of \$291,334 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 \$655,489 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3 years. The \$444,141 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$214,769 balance of the deferred inflows related to other postemployment benefits will be recognized in OPEB expense over the next 7 years.

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

(16) Related Organizations.

The Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Oktibbeha County Economic Development Authority, but the County's accountability for this organization does not extend beyond making the appointments. During the year, the County did not contribute any funds to this organization.

(17) Joint Ventures.

The County participates in the following joint ventures:

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Oktibbeha County Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the County's agreement, the County's appropriation to the joint venture was \$185,000 in the fiscal year 2018. Complete financial statements for the Oktibbeha County Library can be obtained for 326 University Drive, Starkville, MS 39759.

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 61-5-39, Miss. Code Ann. (1972), to operate the George M. Bryan Field (airport). The joint venture is governed by seven members, three appointed by each government and one appointed by Mississippi State University. The County contributed \$31,928 to the joint venture in the fiscal year 2018.

Oktibbeha County is a participant with the Counties of Choctaw, Clay, Lowndes, Noxubee and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville, and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Oktibbeha County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(18) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. The Oktibbeha County Board of Supervisors appoints two of the twelve members of the college board of trustees. The County contributed \$928,512 for maintenance and support of the college in fiscal year 2018.

Golden Triangle Planning Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County contributed \$50,000 for support of the district in fiscal year 2018.

Golden Triangle Regional Airport Authority operates in a district composed of Counties of Lowndes and Oktibbeha and the Cities of Columbus, Starkville, and West Point. The Oktibbeha County Board of Supervisors appoints one of the five members of the board of commissioners. The County provided no financial support for the authority in fiscal year 2018.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the seven members of the board of commissioners. The County contributed \$45,500 for support of the agency in fiscal year 2018.

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

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These fourteen members are not appointed by the County Board of Supervisors. The counties generally provide no financial support to the organization.

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

(19) Tax Abatements.

The Oktibbeha County Board of Supervisors enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec 17-21-5(1). Under the code, the county has the authority in their discretion to exempt from any or all county ad valorem taxes, excluding ad valorem taxes for school districts, for a period of not more than seven years for the purpose of attracting or retaining businesses within their jurisdiction. A detailed listing of the property tax abatement agreements the county has entered into for the fiscal year ended September 30, 2018 is listed in the table below:

<u>Name</u>	<u>Assessed Value</u>	<u>Tax Abatement</u>
<b><u>Real Property</u></b>		
Cellular South real Estate, Inc.	\$ 1,844,976	\$ 109,942
The Claiborne at Adelaide, LLC	1,548,560	92,279
<b><u>Personal Property</u></b>		
C Spire Advanced Data Solutions LLC	3,316,763	197,646
The Claiborne at Adelaide, LLC	77,612	4,625
Flexsteel Industries, Inc.	94,272	5,618
Southwire Company, Inc	413,786	24,658
Total	\$ <u>7,295,969</u>	\$ <u>434,768</u>

(20) 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 Oktibbeha County evaluated the activity of the County through October 23, 2019, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

- The Board of Supervisors approved the purchase of a new fire pumper from Rosenbauer for the Sturgis Fire Department in the amount of \$309,979 on October 1, 2018.
- The 2009 OCH General Obligation Bonds were paid off on November 1, 2018 with bond proceeds from the 2018A and 2018B General Obligation bonds payable.

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

- The Board of Supervisors approved the purchase of new landroll software from Alliance Renewal Technologies, Inc. in the amount of \$120,140 on February 4, 2019.
- The County entered into a financing agreement on March 18, 2019 with Hancock Bank to purchase (2) John Deere 60G Mini Excavators at a total cost of \$143,080. This loan will accrue interest at a 3.69% annual rate of interest.
- The Board of Supervisor approved a resolution to refinance the 2010 OCH General Obligation bonds with 2019 OCH General Obligation refunding bonds.

**OKTIBBEHA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 10,120,820	10,873,093	10,873,093	-
Road and bridge privilege taxes	-	5,200	5,200	-
Licenses, commissions and other revenue	322,500	529,798	529,798	-
Fines and forfeitures	525,000	514,959	514,959	-
Intergovernmental revenues	1,131,400	1,184,613	868,311	(316,302)
Charges for services	215,000	245,016	245,016	-
Interest income	50,000	169,241	169,241	-
Miscellaneous revenues	52,500	266,265	582,440	316,175
Total Revenues	<u>12,417,220</u>	<u>13,788,185</u>	<u>13,788,058</u>	<u>(127)</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,427,530	5,732,469	5,732,469	-
Public safety	4,842,900	4,464,692	4,464,691	1
Public works	132,000	72,834	72,834	-
Health and welfare	471,760	448,493	448,493	-
Culture and recreation	195,200	187,818	187,818	-
Education	365,785	383,549	262,264	121,285
Conservation of natural resources	142,550	123,446	123,446	-
Economic development and assistance	470,000	452,881	452,881	-
Debt service:				
Principal	235,660	223,982	223,982	-
Interest		11,636	11,636	-
Total Expenditures	<u>13,283,385</u>	<u>12,101,800</u>	<u>11,980,514</u>	<u>121,286</u>
Excess of Revenues over (under) Expenditures	<u>(866,165)</u>	<u>1,686,385</u>	<u>1,807,544</u>	<u>121,159</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		1	1	-
Compensation for loss of capital assets		19,929	19,929	-
Transfers out		(636,770)	(636,770)	-
Other financing sources	250,000	-	-	-
Total Other Financing Sources and Uses	<u>250,000</u>	<u>(616,840)</u>	<u>(616,840)</u>	<u>-</u>
Net Change in Fund Balance	(616,165)	1,069,545	1,190,704	121,159
Fund Balances - Beginning	<u>616,165</u>	<u>10,184,396</u>	<u>10,184,396</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>11,253,941</u>	<u>11,375,100</u>	<u>121,159</u>

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



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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,146,080	2,245,408	2,245,408	-
Road and bridge privilege taxes	450,000	462,098	462,098	-
Licenses, commissions and other revenue		342	342	-
Intergovernmental revenues	627,500	672,280	672,280	-
Interest income	3,000	10,230	10,230	-
Miscellaneous revenues	5,000	66,290	66,290	-
Total Revenues	<u>3,231,580</u>	<u>3,456,648</u>	<u>3,456,648</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	4,121,936	3,068,780	3,068,780	-
Debt service:				
Principal		100,182	100,182	-
Interest		4,225	4,225	-
Total Expenditures	<u>4,121,936</u>	<u>3,173,187</u>	<u>3,173,187</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(890,356)</u>	<u>283,461</u>	<u>283,461</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	20,507	20,507	-
Compensation for loss of capital assets		313	313	-
Total Other Financing Sources and Uses	<u>-</u>	<u>20,820</u>	<u>20,820</u>	<u>-</u>
Net Change in Fund Balance	(890,356)	304,281	304,281	-
Fund Balances - Beginning	<u>890,356</u>	<u>739,210</u>	<u>739,210</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>1,043,491</u>	<u>1,043,491</u>	<u>-</u>

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

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

		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)		0.104637%	0.101017%	0.099183%	0.098177%
County's proportionate share of the net pension liability (asset)	\$	17,404,242	16,792,454	17,716,560	15,176,228
County's covered payroll	\$	6,682,092	6,433,315	6,344,972	6,133,549
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		260.46%	261.02%	279.22%	247.43%
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 notes to required supplementary information are an integral part of this schedule.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,078,680	1,013,248	1,039,040	972,191
Contributions in relation to the contractually required contribution	<u>1,078,680</u>	<u>1,013,248</u>	<u>1,039,040</u>	<u>972,956</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(765)</u></u>
County's covered payroll	\$ 6,848,757	6,433,321	6,597,077	6,172,641
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 notes to required supplementary information are an integral part of this schedule.

**OKTIBBEHA COUNTY**  
**Required Supplementary Information**  
**Schedule Of Changes in Total OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years**

	<u><b>2018</b></u>
Total OPEB Liability	
Service cost	\$ 114,059
Interest on total OPEB liability	107,222
Effect of plan changes	-
Effect of economic/demographic gains or (losses)	-
Effect of assumption changes or inputs	(245,627)
Benefit payments	(804,503)
Net change in total OPEB liability	\$ (828,849)
 Total OPEB liability, beginning (Under GASB Statement 45)	 \$ 243,628
Restatement due to change in accounting standards*	3,547,798
Restate Total OPEB liability, beginning (Under GASB Statement 75)	\$ 3,791,426
 Total OPEB liability, ending	 \$ 2,962,577
 Covered payroll	 \$ 6,155,516
 Total OPEB liability as a % of covered payroll	 48.13%

\* OPEB liability was restated due to the county reporting the total OPEB liability under GASB Statement 75

*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The county had previously reported the total OPEB liability under GASB Statement 45 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement 75 is effective for fiscal years beginning after June 15, 2017.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	General	Countywide
	Fund	Road Maintenance Fund
Budget (Cash Basis)	\$ 1,190,704	304,281
Increase (Decrease)		
Net adjustments for revenue accruals	(151,268)	(579)
Net adjustments for expenditures accruals	388,796	(460,115)
GAAP Basis	<u>\$ 1,428,232</u>	<u>(156,413)</u>

Pension Schedules

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

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 and later

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

Small adjustments were also made to the Mortality Table for disabled lives.

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

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

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

B. Changes in benefit provisions.

2016 and later

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.

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30,

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

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

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

A. Changes of assumptions

2017: The discount rate was changed from 3.058% for the prior measurement date to 3.64% for the current measurement date.

B. Changes in benefit provision

2017: None

C. Methods and assumptions used to determine contribution rates:

Valuation date	October 1, 2017
Measurement date	September 30, 2017
Actuarial cost method	Entry Age Normal
Inflation	2.30%
Salary increases including inflation	3.00%
Mortality rates	RP-2000 Healthy Annuitant Mortality Table with a floating AA scale for males and females. Employee mortality is projected to valuation year plus 15 years. Annuitant mortality is projected to valuation year plus 7 years.
Participation assumption	25% of participants retiring prior to age 65 are assumed to elect coverage. 10% of participants retiring for the first time after age 65 or continuing coverage past age 65 are assumed to elect coverage.
Marriage assumption	For employees retiring in the future, it is assumed that husbands are three years older than their wives. It is assumed that 50% of active employees who retire with

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

medical coverage will elect to cover their spouse. Actual dependent information is used for current retirees.

Healthcare cost trend rates

Non-medicare eligible costs are estimated to increase 6.10% annually decreasing to 5.30% by 2031. Medicare eligible costs are estimated to increase 5.00% annually decreasing to 4.50% by 2031. Dental costs are estimated to increase 3.84% annually.

Retirement age

	Male	Male	Female	Female
Age	Select	Ultimate	Select	Ultimate
55	0%	17.0%	0%	18.0%
60	10.0%	20.0%	12.5%	22.0%
62	19.0%	33.0%	18.0%	36.0%
65	22.0%	30.0%	27.0%	42.0%
70	19.0%	25.0%	21.0%	22.0%
75	100.0%	100.0%	100.0%	100.0%



**OKTIBBEHA COUNTY**

**OTHER INFORMATION**

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

Name	Position	Company	Bond
John Montgomery	Supervisor District 1	Traveler's Casualty and Surety Company of America	\$ 100,000
Orlando Trainer	Supervisor District 2	Traveler's Casualty and Surety Company of America	\$ 100,000
Marvell Howard	Supervisor District 3	Traveler's Casualty and Surety Company of America	\$ 100,000
Bricklee Miller	Supervisor District 4	Traveler's Casualty and Surety Company of America	\$ 100,000
Joe Williams	Supervisor District 5	Traveler's Casualty and Surety Company of America	\$ 100,000
Emily Garrard	County Administrator	Western Surety	\$ 100,000
Delois Triplett	Assistant Comptroller	Western Surety	\$ 50,000
Sharon Livingston	Chancery Clerk	Traveler's Casualty and Surety Company of America	\$ 100,000
Deanna Allen	Purchase Clerk	Western Surety	\$ 75,000
Emily Garrard	Assistant Purchase Clerk	Western Surety	\$ 50,000
Deanna Denise Collier	Assistant Purchase Clerk	Western Surety	\$ 50,000
Tom Malone	Receiving Clerk	Western Surety	\$ 75,000
Darrell Gene Fulgham	Assistant Receiving Clerk	Western Surety	\$ 50,000
Michelle Tutton	Inventory Control Clerk	Western Surety	\$ 75,000
Fred Hal Baggett	Road Manager	Western Surety	\$ 50,000
James E Lindsey	Constable	Traveler's Casualty and Surety Company of America	\$ 50,000
Curtis Randle	Constable	Traveler's Casualty and Surety Company of America	\$ 50,000
Tony Rook	Circuit Clerk	Western Surety	\$ 100,000
Sheryl Elmore	Deputy Circuit Clerk	Western Surety	\$ 50,000
Tina Renee Mullins	Deputy Circuit Clerk	Western Surety	\$ 50,000
Schreese Henry Carter	Deputy Circuit Clerk	Western Surety	\$ 50,000
Melody Monts	Deputy Circuit Clerk	Western Surety	\$ 50,000
Stephen C Gladney	Sheriff	Traveler's Casualty and Surety Company of America	\$ 100,000
William A Boykin	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$ 50,000
Charles Martin Haug	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$ 50,000
Larnzy L Carpenter	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$ 50,000
Nora Goliday	Justice Court Clerk	Western Surety	\$ 50,000
Tawanda Ware	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Georgia Alexander	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Georgia Ann Berry	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Gail Roberts	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Lynn Hampton	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Allen Gordon Morgan	Tax Assessor-Collector	Traveler's Casualty and Surety Company of America	\$ 100,000
Barbara Cubon	Deputy Tax Assessor	Western Surety	\$ 50,000
Julia (Hankins) Nowell	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Patricia Kornegay	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Deborah Carrithers	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Patsy Henderson	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Keri Lynn Stricklin	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Sarah W Flake	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
JoHeen Walker	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Carol Vaughn	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000

## **OKTIBBEHA COUNTY**

### **SPECIAL REPORTS**



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
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Clifford P. Stewart, CPA

**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***

County Administrator and Members of the Board of Supervisors  
Oktibbeha County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 23, 2019. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oktibbeha County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We also noted a certain matter which we have reported to the management of Oktibbeha County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated October 23, 2019, included within this document.

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

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
October 23, 2019

*Watkins Ward and Stafford, PLLC*



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

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**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))**

County Administrator and Members of the Board of Supervisors  
Oktibbeha County, Mississippi

We have examined Oktibbeha County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Oktibbeha 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 such 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 Oktibbeha County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

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

This report is intended for use in evaluating Oktibbeha 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.

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
October 23, 2019

*Watkins Ward and Stafford, PLLC*

**OKTIBBEHA COUNTY**

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

**Schedule 1**

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

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

**Schedule 2**

Our tests did not identify any emergency purchases.



**OKTIBBEHA 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.



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**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

County Administrator and Members of the Board of Supervisors  
Oktibbeha County, Mississippi

In planning and performing our audit of the financial statements of Oktibbeha County, Mississippi for the year ended September 30, 2018, we considered Oktibbeha 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 Oktibbeha 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 October 23, 2019, on the financial statements of Oktibbeha County, Mississippi.

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

The results of our review procedures and compliance tests identified a certain immaterial instance of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Circuit Clerk.

1. Circuit Clerk should file an accurate annual financial report in a timely manner.

Repeat Finding: No

Criteria Section 9-1-45 (1), Miss. Code Ann. (1972), requires each Circuit Clerk to file a true and accurate annual report not later than April 15 for the preceding year.

Condition: The former Circuit Clerk did file the annual financial report for 2018 in a timely manner, however there were several discrepancies noted during our audit testing.

Cause: Due to inexperience of the new circuit clerk. The clerk did post all transactions correctly into the bookkeeping software however there was an additional posting that had to be performed. This posting was not performed for the month of November 2018 and was not noticed when the annual report was filed. The original annual report reported a revenue amount over the salary cap and due to the county of \$8,858 that was repaid to the county before April 15, 2019. After consideration of the amounts received in November 2018 that revenue that exceeded the cap and was due to the county should have been \$25,653. The original annual amount report reported an amount due to PERS for

retirement contributions of \$14,486 which was paid prior to April 15, 2019. After consideration of the amounts received in November 2018 the amount should have been repaid to PERS for retirement contributions should have been \$14,918. These funds were still in the fee account of the circuit clerk.

Effect Failure to report accurate information on the annual financial report in a timely manner is a violation of state law and could result in the loss of public funds.

Recommendation: The Circuit Clerk should file an amended annual financial report for 2018 and repay the county the amount he exceeded the cap and repay PERS the amount of additional PERS contributions due. The amount due to the county has been calculated to be \$16,795 and the amount due to PERS has been calculated to be \$432.

Circuit Clerk's Response: An amended report has been filed and the county has been repaid the funds that exceeded the salary cap. Check Number 1039 dated September 20, 2019 in the amount of \$16,795 was paid to the county for revenues received in excess of the salary cap. Check Number 1040 dated September 20, 2019 in the amount of \$432 was paid to PERS for retirement contributions due on unreported revenues.

Oktibbeha County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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.

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi  
October 23, 2019

*Watkins Ward and Stafford, PLLC*

**OKTIBBEHA COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**

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

Section I: Summary of Auditors' Results

Financial Statements:

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

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
OCH 2009 Bond & Interest Fund	Unmodified
Countywide Road and Bridge Construction Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified?	None Reported

3. Noncompliance material to financial statements noted?	Yes
--	-----

## Section II: Financial Statement Findings

Board of Supervisors.

Material Weakness

2018-001. Component unit should be included in County's financial statements.

Repeat Finding Yes; 2017-001

Criteria: Generally accepted accounting principles require the financial data of the County's component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Condition: As reported in the prior nine years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit.

Cause: Unknown

Effect: The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.

Recommendation: The Board of Supervisors should provide the audited financial data for its discretely presented component unit for inclusion in the County's financial statements.

Board of Supervisors' Response: The hospital's financial statements are provided to the County and are available to the public upon request.