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CARROLL COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2019



CARROLL COUNTY

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CARROLL COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Carroll County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, 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.

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2022 on our

consideration of Carroll 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 Carroll 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 Carroll County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
August 25, 2022

CARROLL COUNTY

FINANCIAL STATEMENTS

CARROLL COUNTY, MISSISSIPPI

Statement of Net Position

September 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 9,916,608	829,909	10,746,517
Investments	-	622,740	622,740
Property tax receivable	5,150,234	-	5,150,234
Accounts receivable (net of allowance for uncollectibles of \$ 495,732)	151,962	-	151,962
Fines receivable (net of allowance for uncollectibles of \$492,485)	231,201	-	231,201
Loans receivable	-	-	-
Capital leases receivable	488,289	-	488,289
Intergovernmental receivables	302,742	212,019	514,761
Other receivables	21,019	4,300	25,319
Capital assets:			
Land and construction in progress	1,514,548	-	1,514,548
Other capital assets, net	13,835,944	2,749,297	16,585,241
Total Assets	31,612,547	4,418,265	36,030,812
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	281,912	251,496	533,408
Total Deferred Outflows of Resources	281,912	251,496	533,408
LIABILITIES			
Claims payable	271,922	61,852	333,774
Intergovernmental payables	141,846	-	141,846
Accrued interest payable	13,570	-	13,570
Unearned revenue	32,962	-	32,962
Amounts held in custody for others	24,094	-	24,094
Long-term liabilities			
Net pension liability	6,051,774	3,693,651	9,745,425
Due within one year:			
Capital debt	270,626	-	270,626
Non-capital debt	99,093	-	99,093
Due in more than one year:			
Capital debt	1,241,855	-	1,241,855
Non-capital debt	356,033	-	356,033
Compensated absences	-	12,119	12,119
Total Liabilities	8,503,775	3,767,622	12,271,397
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	52,631	28,016	80,647
Interest income on capital lease for future reporting period	35,361	-	35,361
Deferred revenues - property taxes	5,150,234	-	5,150,234
Total Deferred Inflows of Resources	5,238,226	28,016	5,266,242
NET POSITION			
Net investment in capital assets	13,838,011	2,749,297	16,587,308
Restricted for:			
Expendable:			
General government	342,974	-	342,974
Public safety	559,226	-	559,226
Public works	6,659,582	-	6,659,582
Health and welfare	40,359	-	40,359
Debt service	77,873	-	77,873
Unrestricted	(3,365,567)	(1,875,174)	(5,240,741)
Total Net Position	\$ 18,152,458	874,123	19,026,581

CARROLL COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,395,884	239,830	23,686	1,565	(2,130,803)		(2,130,803)
Public safety	1,485,837	91,851	60,530	53,686	(1,279,770)		(1,279,770)
Public works	4,490,714	762,067	6,194,800	762,248	3,228,401		3,228,401
Health and welfare	93,917	-	13,681	6,428	(73,808)		(73,808)
Culture and recreation	270,856	-	-	90,676	(180,180)		(180,180)
Conservation of natural resources	82,385	-	-	-	(82,385)		(82,385)
Economic development and assistance	12,407	-	-	-	(12,407)		(12,407)
Interest on long-term debt	55,581	-	-	-	(55,581)		(55,581)
Pension expense	742,862	-	-	-	(742,862)		(742,862)
Total Governmental Activities	9,630,443	1,093,748	6,292,697	914,603	(1,329,395)		(1,329,395)
Business-type activities:							
Regional jail	2,885,399	2,555,995	-	-		(329,404)	(329,404)
Total Business-type Activities	2,885,399	2,555,995	-	-		(329,404)	(329,404)
Total Primary Government	\$ 12,515,842	3,649,743	6,292,697	914,603	(1,329,395)	(329,404)	(1,658,799)
General revenues:							
Property taxes					\$ 5,141,425	-	5,141,425
Road & bridge privilege taxes					143,702	-	143,702
Grants and contributions not restricted to specific programs					297,463	-	297,463
Unrestricted interest income					46,274	-	46,274
Unrestricted investment income					-	16,533	16,533
Miscellaneous					353,390	86,892	440,282
Total General Revenues					5,982,254	103,425	6,085,679
Changes in Net Position					4,652,859	(225,979)	4,426,880
Net Position - Beginning					13,499,599	1,100,102	14,599,701
Net Position - Ending					\$ 18,152,458	874,123	19,026,581

CARROLL COUNTY, MISSISSIPPI
Balance Sheet- Governmental Funds
September 30, 2019

Exhibit 3

	<u>Major Funds</u>				
	<u>General</u>	<u>Bridge</u>	<u>ERBR-STP/BR</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>0008(13)B BT5</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS					
Cash	\$ 2,096,099	313,062	3,299,117	4,208,330	9,916,608
Property tax receivable	3,476,806	251,369		1,422,059	5,150,234
Accounts receivable (net of allowance for uncollectibles of \$495,732)	-	-	-	151,962	151,962
Fines receivable (net of allowance for uncollectibles of \$492,485)	231,201	-	-	-	231,201
Capital lease receivable	-	-	-	488,289	488,289
Intergovernmental receivables	145,006	-	-	157,736	302,742
Other receivables	917	-	-	20,102	21,019
Due from other funds	123,136	4,989	-	39,553	167,678
Total Assets	<u>\$ 6,073,165</u>	<u>569,420</u>	<u>3,299,117</u>	<u>6,488,031</u>	<u>16,429,733</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 51,592	25,706	-	194,624	271,922
Intergovernmental payables	141,846	-	-	-	141,846
Due to other funds	44,542	-	-	123,136	167,678
Unearned revenue	-	-	-	32,962	32,962
Amounts held in custody for others	24,094	-	-	-	24,094
Total Liabilities	<u>\$ 262,074</u>	<u>25,706</u>	<u>-</u>	<u>350,722</u>	<u>638,502</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	3,476,806	251,369	-	1,422,059	5,150,234
Unavailable revenue - capital lease	-	-	-	488,289	488,289
Unavailable revenue - fines	231,201	-	-	-	231,201
Unavailable revenue - accounts receivable	-	-	-	151,962	151,962
Total Deferred Inflows of Resources	<u>\$ 3,708,007</u>	<u>251,369</u>	<u>-</u>	<u>2,062,310</u>	<u>6,021,686</u>
Fund balances:					
Restricted for:					
General government	-	-	-	342,974	342,974
Public safety	-	-	-	535,216	535,216
Public works	-	292,345	3,299,117	2,854,304	6,445,766
Debt service	-	-	-	91,443	91,443
Committed to:					
Public safety	-	-	-	24,010	24,010
Public works	-	-	-	213,816	213,816
Health and welfare	-	-	-	40,359	40,359
Unassigned	2,103,084	-	-	(27,123)	2,075,961
Total Fund Balances	<u>\$ 2,103,084</u>	<u>292,345</u>	<u>3,299,117</u>	<u>4,074,999</u>	<u>9,769,545</u>
Total Liabilities and Fund Balances	<u>\$ 6,073,165</u>	<u>569,420</u>	<u>3,299,117</u>	<u>6,488,031</u>	<u>16,429,733</u>

CARROLL COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,769,545
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 \$9,382,727.	15,350,492
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	383,163
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,967,607)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,051,774)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(13,570)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	452,928
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	281,912
Deferred inflows of resources related to pensions	<u>(52,631)</u>
Total Net Position - Governmental Activities	\$ <u><u>18,152,458</u></u>

CARROLL COUNTY, MISSISSIPPIExhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds
For the Year Ended September 30, 2019

	Major Funds				
	General	Bridge	ERBR-STP/BR	Other	Total
	Fund	Fund	0008(13)B BT5	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 3,468,421	249,492	-	1,423,512	5,141,425
Road and bridge privilege taxes	-	-	-	143,702	143,702
Licenses, commissions and other revenue	110,484	-	-	718	111,202
Fines and forfeitures	152,149	-	-	2,346	154,495
Intergovernmental revenues	300,436	1,326,318	3,588,960	2,289,049	7,504,763
Charges for services	4,548	-	-	847,523	852,071
Interest income	11,905	1,314	-	33,055	46,274
Miscellaneous revenues	148,442	820	-	180,016	329,278
Total Revenues	<u>4,196,385</u>	<u>1,577,944</u>	<u>3,588,960</u>	<u>4,919,921</u>	<u>14,283,210</u>
EXPENDITURES					
Current:					
General government	2,341,444	-	-	194,413	2,535,857
Public safety	1,031,516	-	-	615,457	1,646,973
Public works	23,732	1,506,227	289,843	3,081,438	4,901,240
Health and welfare	79,995	-	-	7,961	87,956
Culture and recreation	247,585	-	-	117,799	365,384
Conservation of natural resources	86,321	-	-	-	86,321
Economic development and assistance	17,352	-	-	-	17,352
Debt service:					
Principal	31,268	-	-	409,687	440,955
Interest	986	-	-	56,464	57,450
Total Expenditures	<u>3,860,199</u>	<u>1,506,227</u>	<u>289,843</u>	<u>4,483,219</u>	<u>10,139,488</u>
Excess of Revenues over (under) Expenditures	<u>336,186</u>	<u>71,717</u>	<u>3,299,117</u>	<u>436,702</u>	<u>4,143,722</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	19,000	-	-	142,794	161,794
Proceeds from sale of capital assets	-	-	-	33,000	33,000
Transfers in	1,447	-	-	260,000	261,447
Transfers out	(260,000)	-	-	(1,447)	(261,447)
Lease principal payments	-	-	-	96,169	96,169
Total Other Financing Sources and Uses	<u>(239,553)</u>	<u>-</u>	<u>-</u>	<u>530,516</u>	<u>290,963</u>
Net Changes in Fund Balances	<u>96,633</u>	<u>71,717</u>	<u>3,299,117</u>	<u>967,218</u>	<u>4,434,685</u>
Fund Balances - Beginning	<u>2,006,451</u>	<u>220,628</u>	<u>-</u>	<u>3,107,781</u>	<u>5,334,860</u>
Fund Balances - Ending	<u>\$ 2,103,084</u>	<u>292,345</u>	<u>3,299,117</u>	<u>4,074,999</u>	<u>9,769,545</u>

CARROLL COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 4,434,685
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 \$1,075,866 exceeded depreciation of \$667,019 in the current period.	408,847
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 losses of \$3,462 and gains of \$24,112 and the proceeds from the sale of \$33,000 in the current period.	(12,350)
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.	(19,435)
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.	(4,585)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$440,955 exceeded debt proceeds of \$161,794.	279,161
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of the decrease in accrued interest payable	1,869
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(96,169)
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	(742,862)
Recording of contributions made during the year	403,698
Change in Net Position of Governmental Activities	\$ <u>4,652,859</u>

CARROLL COUNTY, MISSISSIPPI

Statement of Net Position- Proprietary Fund

September 30, 2019

Exhibit 5

	Business-type Activities Enterprise Fund
	CMRCF Fund
ASSETS	
Current assets:	
Cash	\$ 829,909
Investments	622,740
Intergovernmental receivables	212,019
Other receivables	4,300
Total Current Assets	<u>1,668,968</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>2,749,297</u>
Total Noncurrent Assets	<u>2,749,297</u>
Total Assets	<u>4,418,265</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>251,496</u>
Total Deferred Outflows of Resources	<u>251,496</u>
LIABILITIES	
Current liabilities:	
Claims payable	<u>61,852</u>
Total Current Liabilities	<u>61,852</u>
Noncurrent liabilities:	
Net pension liability	3,693,651
Non-capital debt:	
Compensated absences payable	<u>12,119</u>
Total Noncurrent Liabilities	<u>3,705,770</u>
Total Liabilities	<u>3,767,622</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>28,016</u>
Total Deferred Inflows of Resources	<u>28,016</u>
NET POSITION	
Net investment in capital assets	2,749,297
Unrestricted	<u>(1,875,174)</u>
Total Net Position	<u>\$ 874,123</u>

CARROLL COUNTY, MISSISSIPPIExhibit 6Statement of Revenues, Expenses and Changes in Net Position- Proprietary Fund
For the Year Ended September 30, 2019

	Business-type Activities Enterprise Fund
	CMRCF Fund
Operating Revenues	
Charges for services	\$ 2,555,995
Miscellaneous	86,892
Total Operating Revenues	<u>2,642,887</u>
Operating Expenses	
Personal services	1,615,721
Contractual services	297,041
Materials and supplies	508,051
Depreciation expense	117,246
Indirect administrative cost	11,478
Pension expense	335,862
Total Operating Expenses	<u>2,885,399</u>
Operating Income (Loss)	<u>(242,512)</u>
Nonoperating Revenues (Expenses)	
Interest income	16,533
Net Nonoperating Revenue (Expenses)	<u>16,533</u>
Changes in Net Position	(225,979)
Net Position - Beginning	1,100,102
Net Position - Ending	\$ <u><u>874,123</u></u>

CARROLL COUNTY, MISSISSIPPIExhibit 7Statement of Cash Flows- Proprietary Fund
For the Year Ended September 30, 2019

	Business-type Activities Enterprise Fund
	CMRCF Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,557,823
Payments to suppliers	(515,890)
Payments to employees	(1,799,367)
Payments for contractual services	(317,236)
Payments to General Fund for indirect costs	(11,478)
Other operating cash receipts	91,467
Net Cash Provided (Used) by Operating Activities	5,319
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(41,335)
Net Cash Provided (Used) by Capital and Related Financing Activities	(41,335)
Cash Flows From Investing Activities	
Proceeds from sale and maturities of investments	(15,488)
Interest and dividends on investments	16,533
Net Cash Provided (Used) by Investing Activities	1,045
Net Increase (Decrease) in Cash and Cash Equivalents	(34,971)
Cash and Cash Equivalents at Beginning of Year	864,880
Cash and Cash Equivalents at End of Year	\$ 829,909
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (242,512)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	117,246
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivable	1,529
(Increase) decrease in other receivables	4,874
(Increase) decrease in deferred outflows of resources	(50,599)
Increase (decrease) in deferred inflows of resources	(30,137)
Increase (decrease) in claims payable	(29,016)
Increase (decrease) in pension liability	234,079
Increase (decrease) in compensated absences liability	(145)
Total Adjustments	247,831
Net Cash Provided (Used) by Operating Activities	\$ 5,319

CARROLL COUNTY, MISSISSIPPI

Statement of Fiduciary Assets and Liabilities

September 30, 2019

Exhibit 8

	Agency Funds
ASSETS	
Cash and investments	\$ 7,236
Total Assets	<u>7,236</u>
LIABILITIES	
Amounts held in custody for others	7,236
Total Liabilities	\$ <u>7,236</u>

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures

Blended Component Units

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

The Carroll County Economic Development District is comprised solely of the five members of the Carroll County Board of Supervisors. Although it is created legally separate from the county under Section 19-5-99, Miss. Code Ann. (1972), the district is reported as if it were part of the primary government because its sole purpose is to enhance and develop the economic development resources of the County.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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 business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (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.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and 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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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.

Bridge Fund – This fund is used to account for monies from specific revenue sources that are restricted for bridge maintenance and construction.

ERBR-STP/BR-0008(13)B BT5 – This fund is used to account for monies from specific revenue sources that are restricted for emergency road and bridge repair projects.

The County reports the following major Enterprise Fund:

Carroll-Montgomery Regional Correctional Facility (CMRCF) – This fund is used to account for the County's activities of operating the correctional facility.

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.

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPES

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

E. Account Classifications.

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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type 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 costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

J. Deferred Outflows/Inflows of Resources:

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

Deferred 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 9 for additional details.

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

Deferred revenues- property taxes/unavailable 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 9 for additional details.

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Interest income on capital lease for future reporting period/unavailable revenue – capital leases– When a capital lease receivable 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.

K. Pensions.

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

L. Long-term Liabilities.

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

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

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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

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.

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

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

Fund Balance Flow Assumption:

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

N. Property Tax Revenues:

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

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

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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

The Carroll-Montgomery Regional Correctional Facility has adopted a policy of compensation for accumulated unpaid employee benefits. 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 and Proprietary Funds financial statements.

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard has been incorporated into the financial statements and notes.

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$10,753,753, and the bank balance was \$10,942,509. 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.

Investments:

CARROLL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Investments balances at September 30, 2019, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
Federated Government Obligation			
Mutual Funds	N/A	Level 1	<u>\$ 622,740</u>

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. The investments are uninsured, unregistered and were held by the counterparty in trusts on behalf of the County.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 123,136
Bridge Fund	General Fund	4,989
Other Governmental Funds	General Fund	<u>39,553</u>
		<u>167,678</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October 2019 and funds to cover operating costs until grant proceeds are received. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,447
Other Governmental Funds	General Fund	<u>260,000</u>
		<u>261,447</u>

The purpose of interfund transfers was to close an inactive fund and to disburse reappraisal escrow

CARROLL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

monies.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Description	Amount
Governmental Activities	
Legislative tag credit	\$ 98,766
National Priority Safety Grant	14,962
Emergency management performance grant	15,997
Homeland Security grant	1,363
Tire waste grant	10,731
Welfare reimbursement	1,809
Recreation trails performance grant	90,676
Timber severance tax	1,006
Tag proportion	9,558
Garbage fees	3,362
Motor vehicle fuel tax	42,469
Harvest permit	1,396
Truck & bus privilege tax	4,107
Waste treatment	372
Miscellaneous	6,168
Total Governmental Activities	\$ <u>302,742</u>
Business-type Activities	
Litter pick up	\$ 1,587
Reimbursement for housing prisoners	210,432
Total Business-type Activities	\$ <u>212,019</u>

CARROLL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Non-depreciable capital assets:					
Land	\$ 192,419	-	-	-	192,419
Construction in progress	1,482,443	838,651	-	(998,965)	1,322,129
Total non-depreciable capital assets	1,674,862	838,651	-	(998,965)	1,514,548
Depreciable capital assets:					
Infrastructure	12,113,057	15,751	-	998,965	13,127,773
Buildings	2,138,258	-	-	-	2,138,258
Mobile equipment	6,289,844	59,443	65,743	34,500	6,318,044
Furniture and equipment	796,048	-	6,175	-	789,873
Leased property under capital leases	717,202	162,021	-	(34,500)	844,723
Total depreciable capital assets	22,054,409	237,215	71,918	998,965	23,218,671
Less accumulated depreciated for:					
Infrastructure	2,251,818	271,863	-	-	2,523,681
Buildings	793,425	39,871	-	-	833,296
Mobile equipment	4,801,027	240,430	53,455	8,370	4,996,372
Furniture and equipment	696,118	20,523	6,113	-	710,528
Leased property under capital leases	232,888	94,332	-	(8,370)	318,850
Total accumulated depreciation	8,775,276	667,019	59,568	-	9,382,727
Total depreciable capital assets, net	13,279,133	(429,804)	12,350	998,965	13,835,944
Governmental activities capital assets, net	\$ 14,953,995	408,847	12,350	-	15,350,492

Business-type Activities

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Depreciable capital assets:					
Buildings	4,575,063	-	-	-	4,575,063
Mobile equipment	184,471	-	-	-	184,471
Furniture and equipment	226,058	41,335	-	-	267,393
Total depreciable capital assets	4,985,592	41,335	-	-	5,026,927
Less accumulated depreciated for:					
Buildings	1,830,024	91,501	-	-	1,921,525
Mobile equipment	137,653	11,291	-	-	148,944
Furniture and equipment	192,707	14,454	-	-	207,161
Total accumulated depreciation	2,160,384	117,246	-	-	2,277,630
Total depreciable capital assets, net	2,825,208	(75,911)	-	-	2,749,297

The building for the CMRCF is constructed on sixteenth section land that is not owned by the County.

*Adjustments are to reclassify completed construction in progress to infrastructure and to reclassify paid out lease purchase to their proper classifications.

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 54,750
Public safety	92,939
Public works	502,763
Health and welfare	5,961
Culture and Recreation	9,557
Conservation of Natural Resources	1,049
Total governmental activities depreciation expense	\$ <u>667,019</u>
Business-type activities:	
Correctional facility	\$ <u>117,246</u>

(6) 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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(7) Capital Leases.

As Lessor:

On December 5, 2005, Carroll County entered into a capital lease agreement with the Anel Corporation for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$49,913 per year in lease payments commencing April 2006 for a term of 20.25 years. At the end of the lease term, the Anel Corporation has the option to purchase the building for the final payment of \$19,924.

On June 26, 2012, Carroll County entered into a capital lease agreement with the Anel Corporation for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$61,412 per year in lease payments commencing June 2012, for a term of 10 years. At the end of the lease term, the Anel Corporation has the option to purchase the building for the final payment of \$46,061.

The County leases the following property with varying terms and options as of September 30, 2019:

<u>Classes of Property</u>	<u>Amount</u>
Anel Building	* \$ 1,280,000

*Building listed at historical cost

CARROLL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2019, are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 95,567	10,721
2021	101,999	9,326
2022	89,711	6,259
2023	45,567	4,346
2024	46,953	2,960
2025-2026	73,131	1,749
Total	<u>\$ 452,928</u>	<u>35,361</u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 726,702
Other Furniture & Equipment	118,021
Less: Accumulated depreciation	<u>(318,850)</u>
	<u>\$ 525,873</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ended September 30</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2020	\$ 130,845	6,867
2021	103,608	4,133
2022	56,942	2,110
2023	24,982	676
2024	6,323	36
Total	<u>\$ 322,700</u>	<u>13,822</u>

CARROLL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

(8) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Road & Bridge Bonds, Series 2012	\$ <u>1,180,000</u>	2.30/3.25%	05/2027
B. Capital Leases:			
2015 Ford F-150 Crew Cab	667	2.09%	10/2019
J D Tractor w/ loader	15,982	1.89%	04/2021
J D Tractor w/ loader	18,489	1.89%	07/2021
J D Tractor w/ loader	16,029	1.89%	04/2021
2010 Kamatsu Excavator	3,928	2.24%	12/2019
2012 GMC Sierra Truck	4,739	1.89%	06/2020
3- 2010 Int 4300 Tanker Trucks	95,138	1.85%	11/2021
Kubota tractor and boom mower	9,480	2.45%	09/2020
2016 Ford Explorer	12,611	1.90%	10/2020
2016 Ford Explorer	12,574	1.90%	10/2020
2016 GMC Sierra 150	14,091	2.09%	08/2021
Viper phone system	101,362	3.39%	12/2023
Alamos Samurai cutter	<u>17,610</u>	3.17%	10/2021
Total Capital Leases	<u>322,700</u>		
C. Other Loans:			
CAP Loan- Anel Building	162,448	3.00%	2/2022
CAP loan- fire protection	9,781	3.00%	07/2020
CAP loan- Anel Building	<u>292,678</u>	3.00%	03/2026
Total Other Loans	<u>464,907</u>		

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

Year Ended September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 130,000	27,140	108,874	12,409
2021	135,000	24,150	102,107	9,220
2022	140,000	21,045	90,358	6,094
2023	145,000	17,825	45,681	4,232
2024	150,000	14,490	47,070	2,843
2025-2027	<u>480,000</u>	<u>22,309</u>	<u>70,817</u>	<u>1,566</u>
Total	\$ <u>1,180,000</u>	<u>126,959</u>	<u>464,907</u>	<u>36,364</u>

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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, 2019, the amount of outstanding debt was equal to 1.33 percentage of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount Due Within One Year
Governmental Activities:						
General obligation bonds	\$ 1,310,000	-	130,000	-	1,180,000	130,000
Capital leases	360,997	161,794	200,091	-	322,700	130,845
Other loans	575,771	-	110,864	-	464,907	108,874
Total	\$ 2,246,768	161,794	440,955	-	1,967,607	369,719
Business-type Activities:						
Compensated absences	\$ 12,264	-	145	-	12,119	-
Total	\$ 12,264	-	145	-	12,119	-

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018 and 2017 were \$586,217, \$541,477 and \$543,285, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$9,745,425 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was 0.055397 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.001326 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$1,078,724. At September 30, 2019, 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	\$ 3,522	10,339
Net difference between projected and actual earnings on pension plan investments	-	70,308
Changes of assumptions	95,525	-
Changes in the proportion and differences between actual contributions and proportionate share of contributions	285,673	-
Contributions subsequent to the measurement date	148,688	-
	<u>\$ 533,408</u>	<u>80,647</u>

\$148,688 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

Year ending September 30:	Amount
2020	\$ 211,644
2021	(39,508)
2022	87,442
2023	44,495
Total	\$ <u>304,073</u>

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
	<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 contribution rate (17.40%). 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

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

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%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 12,810,699	9,745,425	7,215,317

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

(10) 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.

(11) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$3,365,567) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$102,394 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, 2020. The \$179,518 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$52,631 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years.

The governmental activities' unrestricted net position amount of (\$3,365,567) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$35,361 balance of deferred inflows of resources at September 30, 2019, will be recognized as revenue and will increase the unrestricted net position over the next 8 years.

The business-type activities' unrestricted net position amount of (\$1,875,174) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$46,294 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, 2020. The \$205,202 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$28,016 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years.

CARROLL COUNTY

Notes to Financial Statements For the Year Ended September 30, 2019

(12) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Carroll County Board of Supervisors appoints two of the 22 members of the college Board of Trustees. The County appropriated \$176,800 for maintenance and support of the college in fiscal year 2019.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Carroll County Board of Supervisors appoints four of the 28 members of the district Board of Directors. The County appropriated \$17,352 for support of the district in the fiscal year of 2019.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Carroll County Board of Supervisors appoints one of the eight members of the Board of Commissioners. The County appropriated \$25,000 for the support of the center in fiscal year 2019.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Carroll County Board of Supervisors appoints one of the 21 members of the district Board of Commissioners. The County appropriated \$6,357 for the support of the district in the fiscal year 2019.

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 Carroll County Board of Supervisors appoints one of the 9 members of the Board of Commissioners. The County did not appropriate for the support of the authority in the fiscal year 2019.

(13) Tax Abatements.

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

The Carroll County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with one entity as of September 30, 2019.

The County had one type of abatement. None of which provides for the abatement of school or state tax levies.

Section 27-31-51 Miss. Code Ann. (1972)

All allowable property tax levies.

There is one entity that has a tax abatements under this statute. The exemption expires with fiscal year end within a ten-year time frame. For fiscal year 2019, \$13,064 in taxes was abated for this entity.

CARROLL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2019

Category	% of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Economic development projects	64.35%	\$ 13,064

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

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

- (15) 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 Carroll County evaluated the activity of the County through August 25, 2022, 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.

Subsequent to September 30, 2019, the County issued the following debt obligations:

	Issue Date	Issue Rate	Issue Amount	Type of Financing
2017 John Deere Backhoe	01/2020	2.72%	\$ 30,000	Capital Lease
Alamo Samurai 22 Boom Mower	03/2020	2.58%	\$ 30,000	Capital Lease
2020 Ford F-150 Truck	06/2020	1.81%	\$ 34,328	Capital Lease

CARROLL COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY
 Budgetary Comparison Schedule- Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,442,809	3,456,245	3,456,245	-
Licenses, commissions and other revenue	84,843	110,816	110,816	-
Fines and forfeitures	150,500	152,149	152,149	-
Intergovernmental revenues	346,702	292,061	292,061	-
Charges for services	4,700	4,537	4,537	-
Interest income	4,500	11,842	11,842	-
Miscellaneous revenues	25,340	45,291	45,291	-
Total Revenues	<u>4,059,394</u>	<u>4,072,941</u>	<u>4,072,941</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,356,112	2,340,963	2,340,963	-
Public safety	1,042,408	1,054,596	1,054,596	-
Public works	18,840	22,343	22,343	-
Health and welfare	85,000	81,531	81,531	-
Culture and recreation	164,776	266,706	266,706	-
Conservation of natural resources	86,702	86,179	86,179	-
Economic development and assistance	17,352	17,352	17,352	-
Total Expenditures	<u>3,771,190</u>	<u>3,869,670</u>	<u>3,869,670</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>288,204</u>	<u>203,271</u>	<u>203,271</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	36,206	123,818	123,818	-
Other financing uses	(313,939)	(260,000)	(260,000)	-
Total Other Financing Sources and Uses	<u>(277,733)</u>	<u>(136,182)</u>	<u>(136,182)</u>	<u>-</u>
Net Change in Fund Balance	10,471	67,089	67,089	-
Fund Balances - Beginning	<u>1,900,000</u>	<u>1,859,443</u>	<u>1,982,578</u>	<u>123,135</u>
Fund Balances - Ending	<u>\$ 1,910,471</u>	<u>1,926,532</u>	<u>2,049,667</u>	<u>123,135</u>

CARROLL COUNTY
 Budgetary Comparison Schedule- Budget and Actual (Non-GAAP Basis)
 Bridge Fund
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 245,385	248,740	248,740	-
Intergovernmental revenues	-	263,729	263,729	-
Interest income	650	1,314	1,314	-
Miscellaneous revenues	-	820	820	-
Total Revenues	<u>246,035</u>	<u>514,603</u>	<u>514,603</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	<u>249,771</u>	<u>437,893</u>	<u>437,893</u>	<u>-</u>
Total Expenditures	<u>249,771</u>	<u>437,893</u>	<u>437,893</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(3,736)</u>	<u>76,710</u>	<u>76,710</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources				-
Other financing uses				-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,736)	76,710	76,710	-
Fund Balances - Beginning	<u>270,000</u>	<u>236,352</u>	<u>236,352</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 266,264</u>	<u>313,062</u>	<u>313,062</u>	<u>-</u>

CARROLL COUNTY
 Budgetary Comparison Schedule- Budget and Actual (Non-GAAP Basis)
 ERBR-STP/BR 0008(13)B BT5 Fund
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	3,588,960	3,588,960	-
Total Revenues	-	3,588,960	3,588,960	-
EXPENDITURES				
Current:				
Public works	-	289,843	289,843	-
Total Expenditures	-	289,843	289,843	-
Excess of Revenues over (under) Expenditures	-	3,299,117	3,299,117	-
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	-	-	-
Other financing uses	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balance	-	3,299,117	3,299,117	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	3,299,117	3,299,117	-

CARROLL COUNTY
Schedule of the Pension Contributions
Last Ten Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 586,217	541,477	543,285	500,838	569,362
Contributions in relation to the contractually required contribution	<u>586,217</u>	<u>541,477</u>	<u>543,285</u>	<u>500,838</u>	<u>569,362</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 3,620,858	3,437,949	3,449,429	3,179,924	3,614,997
Contributions as a percentage of covered payroll	16.19%	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.

Note A - The 2019 Contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

CARROLL COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.055397%	0.054071%	0.054601%	0.050528%	0.058139%
County's proportionate share of the net pension liability (asset) \$	9,745,425	8,993,614	9,076,540	9,025,563	8,987,142
Covered payroll \$	3,655,666	3,464,369	3,502,698	3,179,924	3,632,216
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	266.58%	259.60%	259.13%	283.83%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	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.

CARROLL COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

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 supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types		
	General Fund	Bridge Fund	ERBR-STP/BR 0008(13)B BT5 Fund
Budget (Cash Basis)	\$ 67,089	76,710	3,299,117
Increase (Decrease)			
Net adjustments for revenue accruals	20,073	(10,699)	-
Net adjustments for expenditure accruals	9,471	5,706	-
GAAP Basis	\$ <u>96,633</u>	<u>71,717</u>	<u>3,299,117</u>

CARROLL COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

CARROLL COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

CARROLL COUNTY

SUPPLEMENTARY INFORMATION

CARROLL COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2019

Operating Expenditures, Cash Basis:

Salaries	\$	43,187
Solid Waste Pickup and Disposal Fees		653,754
Utilities		1,219
Supplies		1,310
Postage		<u>10,104</u>

Solid Waste Cash Basis Operating Expenditures		709,574
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Full Cost Expenses:

Indirect administrative costs		5,622
Net effect of other accrued expenses		53,876

Solid Waste Full Cost Operating Expenses	\$	<u><u>769,072</u></u>
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CARROLL COUNTY

OTHER INFORMATION

CARROLL COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

NAME	DEPARTMENT OR POSITION	AMOUNT OF BOND	BONDING COMPANY
James A. Neill, Jr.	Supervisor	100,000	Western Surety Company
Terry G. Brown	Supervisor	100,000	Western Surety Company
Edward Dill Tucker	Supervisor	100,000	Western Surety Company
Claude Fluker	Supervisor	100,000	Western Surety Company
Rickie Corley	Supervisor	100,000	Western Surety Company
Sherry Blaylock	Purchase Clerk	75,000	Western Surety Company
Marlee Golden	Assistant Purchase Clerk	75,000	Western Surety Company
Durward Stanton	Inventory Clerk	100,000	Western Surety Company
Rogan G. Jackson	Receiving Clerk	75,000	Western Surety Company
Tara R. McDonald	Receiving Clerk	75,000	Western Surety Company
Durward Stanton	Assistant Receiving Clerk	50,000	Western Surety Company
Johnny Burrell	Assistant Receiving Clerk	50,000	Western Surety Company
Debra Sproles	Assistant Receiving Clerk	50,000	Western Surety Company
Louis Green	Assistant Receiving Clerk	50,000	Western Surety Company
Michael Haddon	Assistant Receiving Clerk	50,000	Western Surety Company
Ricky Shirley	Assistant Receiving Clerk	50,000	Western Surety Company
Mary Jane King	Assistant Receiving Clerk	50,000	Western Surety Company
Alan Jackson	Assistant Receiving Clerk	50,000	Western Surety Company
Stephen Everett	Assistant Receiving Clerk	50,000	Western Surety Company
James R. Woodson	Assistant Receiving Clerk	50,000	Western Surety Company
Connie C. Morgan	Assistant Receiving Clerk	50,000	Western Surety Company
Timothy D. Beasley	Assistant Receiving Clerk	50,000	Western Surety Company
Brenda M. Westmoreland	Assistant Receiving Clerk	50,000	Western Surety Company
Barbara W. Matthews	Assistant Receiving Clerk	50,000	Western Surety Company
Stanley "Sugar" Mullins	Chancery Clerk	100,000	Western Surety Company
Durward Stanton	Circuit Clerk	100,000	Western Surety Company
Stanley "Sugar" Mullins	Deputy Circuit Clerk	50,000	Western Surety Company
Brenda King	Deputy Circuit Clerk	50,000	Western Surety Company
Marlee Golden	Deputy Circuit Clerk	50,000	Western Surety Company
Tinesha Erve-Earnest	Deputy Circuit Clerk	50,000	Western Surety Company
Frances C. Andrews	Deputy Circuit Clerk	50,000	Western Surety Company
Rogan Jackson	Deputy Circuit Clerk	50,000	Western Surety Company
Michelle Heath	Deputy Circuit Clerk	50,000	Western Surety Company
Monica P. Jones	Deputy Circuit Clerk	50,000	Western Surety Company
Clint H. Walker	Sheriff	100,000	Western Surety Company
Joe Holman	Constable	50,000	Western Surety Company
Robert F. Banks	Constable	50,000	Western Surety Company
Wilton A. Neal	Tax Assessor/Collector	100,000	Western Surety Company
Beth Magee	Deputy Tax Collector	50,000	Western Surety Company
Beth McGee	Deputy Tax Assessor	10,000	Western Surety Company
Debra Sproles	Deputy Tax Collector	50,000	Western Surety Company
Debra Sproles	Deputy Tax Assessor	10,000	Western Surety Company
Tammy Inmon	Deputy Tax Collector	50,000	Western Surety Company
Tammy Inmon	Deputy Tax Assessor	10,000	Western Surety Company
Alison Dowdle	Deputy Tax Collector	50,000	Western Surety Company
Alison Dowdle	Deputy Tax Assessor	10,000	Western Surety Company
Jimmy Avant	Justice Court Judge	50,000	Western Surety Company
Dorothy Branch	Justice Court Judge	50,000	Western Surety Company
Mary Jane King	Justice Court Clerk	50,000	Western Surety Company
Shonna McGehee	Justice Court Clerk	50,000	Western Surety Company
Miriam Dockery	Deputy Justice Court Clerk	50,000	Western Surety Company
Judy Mainelli	Deputy Justice Court Clerk	50,000	Western Surety Company

CARROLL COUNTY

SPECIAL REPORTS



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

Members of the Board of Supervisors
Carroll County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carroll County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 25, 2022 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll 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 Carroll 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll 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*.

Carroll County's Response to Finding

Carroll County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Carroll 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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
August 25, 2022

CARROLL COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CARROLL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

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

Chancery Clerk

Significant Deficiency

2019-001. Adequate separation of duties should be implemented.

Repeat Finding Yes, 2018-001

Criteria An effective system of internal controls includes adequate separation of duties.

Condition As reported in the last twenty-five years' audit reports, audit observations reveal adequate separation of duties does not exist in accounting functions.

Cause County size interferes with the cost-benefit relationship in implementing separation of duties.

Effect Failure to have adequate separation of duties could result in the loss of public funds due to possibility of funds being mishandled.

Recommendation The County should separate duties for individuals involved in receipting and disbursing funds, recording transactions and reconciling accounts.

Views of Responsible Officials In response to the finding of insufficient separation of duties, Carroll County has put some measures in place to alleviate this finding for future years. The staff in the Chancery Clerk's office will be separating the duties for the individuals involved in receipting and disbursing funds as well as recording and reconciling accounts. Going forward each task will be performed by separate individuals. Also, the Chancery Clerk will be signing off on all bank reconciliations at the end of each month. These measures will alleviate any possibility that could result in loss of funds or mishandling of funds.