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**Copiah County, Mississippi**  
Audited Financial Statements  
And Special Reports  
For the Year Ended  
September 30, 2019

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Copiah County, Mississippi**  
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## FINANCIAL SECTION

**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Copiah County, Mississippi

**Report on the Financial Statements**

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

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

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

**Auditor's Responsibility**

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

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

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

**Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

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

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## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Copiah County, Mississippi, as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

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

### *Omission of Required Supplementary Information*

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

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2022 on our consideration of Copiah County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Copiah County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Copiah County, Mississippi's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry and Ballard, PC  
March 9, 2022

Certified Public Accountants

## FINANCIAL STATEMENTS



**COPIAH COUNTY, MISSISSIPPI**

Statement of Net Position

September 30, 2019

Exhibit 1

	Primary Government
	Governmental
	Activities
<b>ASSETS</b>	
Cash	\$ 6,449,335
Property tax receivable	14,483,307
Accounts receivable (net of allowance for uncollectibles of \$1,254,074)	675,274
Fines receivable (net of allowance for uncollectibles of \$993,516)	37,941
Capital leases receivable	2,065,201
Intergovernmental receivables	204,116
Other receivables	58,340
Capital assets:	
Land and construction in progress	2,370,488
Other capital assets, net	60,706,570
Total Assets	<u>87,050,572</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension	570,945
Deferred amount on refunding	111,171
Total deferred outflows of resources	<u>682,116</u>
<b>LIABILITIES</b>	
Claims payable	435,690
Intergovernmental payables	939,386
Accrued interest payable	100,699
Unearned revenue	20,976
Amounts held in custody for others	47,703
Long-term liabilities	
Net pension liability	12,230,643
Due within one year:	
Capital debt	1,531,815
Non-capital debt	564,149
Due in more than one year:	
Capital debt	17,451,663
Non-capital debt	3,230,375
Total Liabilities	<u>36,553,099</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred revenue - property taxes	14,483,307
Deferred revenue - capital leases	383,175
Deferred inflows related to pensions	373,271
Total deferred inflows of resources	<u>15,239,753</u>
<b>NET POSITION</b>	
Net investment in capital assets	44,204,751
Restricted for:	
Public safety	947,565
Public works	5,214,960
Culture and recreation	23,838
Economic development	21,500
Debt service	244,141
Unrestricted	(14,716,919)
Total Net Position	<u>\$ 35,939,836</u>

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

**COPIAH COUNTY, MISSISSIPPI**  
Statement of Activities  
For the Year Ended September 30, 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 Governmental Activities
Governmental activities:					
General government	\$ 3,888,221	1,366,785	118,024		(2,403,412)
Public safety	4,105,610	452,508	189,116	20,000	(3,443,986)
Public works	6,458,790	1,262,278	893,034	649,514	(3,653,964)
Health and welfare	393,624		45,408		(348,216)
Culture and recreation	163,976	9,151	4,933		(149,892)
Education	29,871		29,871		0
Conservation of natural resources	95,144				(95,144)
Economic development and assistance	139,728				(139,728)
Interest on long-term debt	724,433				(724,433)
Pension expense	1,322,155				(1,322,155)
Total Governmental Activities	<u>17,321,552</u>	<u>3,090,722</u>	<u>1,280,386</u>	<u>669,514</u>	<u>(12,280,930)</u>
General revenues:					
Property taxes				\$	12,048,895
Road & bridge privilege taxes					382,769
Grants and contributions not restricted to specific programs					538,625
Unrestricted interest income					122,368
Miscellaneous					209,028
Total General Revenues					<u>13,301,685</u>
Changes in Net Position					1,020,755
Net Position - Beginning, as previously reported					34,886,827
Prior period adjustment					32,254
Net Position - Beginning, as restated					<u>34,919,081</u>
Net Position - Ending				\$	<u><u>35,939,836</u></u>

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

**COPIAH COUNTY, MISSISSIPPI**  
Balance Sheet - Governmental Funds  
September 30, 2019

Exhibit 3

	Major Funds			
	General Fund	Countywide Road Maintenance	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 1,016,262	1,704,421	3,728,652	6,449,335
Property tax receivable	7,213,111	2,543,343	4,726,853	14,483,307
Accounts receivable (net of allowance for uncollectibles of \$1,254,074)			675,274	675,274
Fines receivable (net of allowance for uncollectibles of \$993,516)	37,941			37,941
Capital lease receivable			2,065,201	2,065,201
Intergovernmental receivables	193,377		10,739	204,116
Other receivables	58,340			58,340
Due from other funds		1,432,804	175,053	1,607,857
Advances to other funds	78,951	169,912	17,500	266,363
Total Assets	<u>\$ 8,597,982</u>	<u>5,850,480</u>	<u>11,399,272</u>	<u>25,847,734</u>
<b>LIABILITIES</b>				
Liabilities:				
Claims payable	\$ 187,010	98,776	149,904	435,690
Intergovernmental payables	533,417	362,281		895,698
Due to other funds	350,624		1,300,921	1,651,545
Advances from other funds	17,500		248,863	266,363
Unearned revenue			20,976	20,976
Amounts held in custody for others	47,703			47,703
Total Liabilities	<u>1,136,254</u>	<u>461,057</u>	<u>1,720,664</u>	<u>3,317,975</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	\$ 7,213,111	2,543,343	4,726,853	14,483,307
Unavailable revenue - accounts receivable			675,274	675,274
Unavailable revenue - fines	37,941			37,941
Unavailable revenue - capital leases			2,065,201	2,065,201
Total Deferred Inflows of Resources	<u>7,251,052</u>	<u>2,543,343</u>	<u>7,467,328</u>	<u>17,261,723</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Advances	78,951			78,951
Restricted for:				
Public safety			947,565	947,565
Public works		2,846,080	2,368,880	5,214,960
Culture and recreation			23,838	23,838
Economic development and assistance			21,500	21,500
Debt service			344,840	344,840
Unassigned	131,725		(1,495,343)	(1,363,618)
Total Fund Balances	<u>210,676</u>	<u>2,846,080</u>	<u>2,211,280</u>	<u>5,268,036</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 8,597,982</u>	<u>5,850,480</u>	<u>11,399,272</u>	<u>25,847,734</u>

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

**COPIAH COUNTY, MISSISSIPPI**Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2019

Total Fund Balance - Governmental Funds	\$	5,268,036
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 \$94,833,711.		63,077,058
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Solid waste accounts receivables		675,274
Fines receivables		37,941
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(22,778,002)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(12,230,643)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(100,699)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,682,026
Deferred amount on refunding		111,171
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		570,945
Deferred inflows of resources related to pensions		(373,271)
Total Net Position - Governmental Activities	\$	<u>35,939,836</u>

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

**COPIAH COUNTY, MISSISSIPPI**Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2019

	Major Funds			
	General	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
	Fund	Fund	Funds	Funds
<b>REVENUES</b>				
Property taxes	\$ 6,293,986	2,239,892	3,515,017	12,048,895
Road and bridge privilege taxes		382,769		382,769
Licenses, commissions and other revenue	542,914		52,943	595,857
Fines and forfeitures	303,335		6,644	309,979
Intergovernmental revenues	579,138	938,893	970,494	2,488,525
Charges for services	657,196	4,550	1,530,292	2,192,038
Interest income	76,708		45,660	122,368
Miscellaneous revenues	173,164	42,219	3,661	219,044
Total Revenues	<u>8,626,441</u>	<u>3,608,323</u>	<u>6,124,711</u>	<u>18,359,475</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,333,487		411,513	3,745,000
Public safety	3,524,797		592,921	4,117,718
Public works	354,881	3,117,048	3,093,169	6,565,098
Health and welfare	224,117			224,117
Culture and recreation	146,224		19,851	166,075
Education	29,871			29,871
Conservation of natural resources	95,144			95,144
Economic development and assistance	139,728			139,728
Debt service:				
Principal	15,650	228,292	1,251,760	1,495,702
Interest	623	27,550	687,310	715,483
Total Expenditures	<u>7,864,522</u>	<u>3,372,890</u>	<u>6,056,524</u>	<u>17,293,936</u>
Excess of Revenues over (under) Expenditures	<u>761,919</u>	<u>235,433</u>	<u>68,187</u>	<u>1,065,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	3,150	500		3,650
Compensation for loss of capital assets	4,988			4,988
Transfers in			48,000	48,000
Transfers out			(48,000)	(48,000)
Lease principal payments			112,816	112,816
Total Other Financing Sources and Uses	<u>8,138</u>	<u>500</u>	<u>112,816</u>	<u>121,454</u>
Net Changes in Fund Balances	770,057	235,933	181,003	1,186,993
Fund Balances - Beginning	<u>(559,381)</u>	<u>2,610,147</u>	<u>2,030,277</u>	<u>4,081,043</u>
Fund Balances - Ending	<u>\$ 210,676</u>	<u>2,846,080</u>	<u>2,211,280</u>	<u>5,268,036</u>

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

**COPIAH COUNTY, MISSISSIPPI**Exhibit 4-1

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

Net Changes in Fund Balances - Governmental Funds	\$ 1,186,993
Amounts reported for governmental activities in the Statement of Activities are different because	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,964,215 exceeded capital outlay of \$1,028,274 in the current period.	(935,941)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$10,016 and the proceeds from the sale of capital assets of \$8,638 in the current period.	(18,654)
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.	4,109
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.	(11,261)
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 \$1,495,702 exceeded debt proceeds of \$0.	1,495,702
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	4,336
The amount of decrease in accrued interest payable	6,191
The amortization of bond premiums	12,454
The amortization of general obligation bonds discount	(6,241)
The amortization of deferred refunding charges	(21,354)
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.	(112,816)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,322,155)
Recording of contributions made during the year	739,392
Change in Net Position of Governmental Activities	\$ <u>1,020,755</u>

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

**COPIAH COUNTY, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2019

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 240,567
Other receivables	406
Due from other funds	43,938
Total Assets	\$ <u>284,911</u>
LIABILITIES	
Intergovernmental payables	\$ 71,097
Due to other funds	250
Amounts held in custody for others	213,564
Total Liabilities	\$ <u>284,911</u>

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

**Copiah County, Mississippi**

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



## COPIAH COUNTY, MISSISSIPPI

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

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

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

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

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

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

##### B. Individual Component Unit Disclosures

###### Blended Component Units

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

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

## COPIAH COUNTY, MISSISSIPPI

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

#### C. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

##### Fund Financial Statements:

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

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

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

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

## COPIAH COUNTY, MISSISSIPPI

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

The County reports the following major Governmental Funds:

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

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### FIDUCIARY FUND TYPE

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

#### E. Account Classifications.

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

#### F. Deposits and Investments.

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

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

#### G. Receivables.

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

## COPIAH COUNTY, MISSISSIPPI

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

#### H. Interfund Transactions and Balances.

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

#### I. Capital Assets.

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

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

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

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

#### 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.

## COPIAH COUNTY, MISSISSIPPI

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 13 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 – accounts receivable – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 13 for additional details.

Deferred revenue - capital leases/unavailable revenue – capital lease – 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.

#### 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.

## COPIAH COUNTY, MISSISSIPPI

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

#### L. Long-term Liabilities.

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

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

#### 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.

Fund Financial Statements:

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

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

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

## COPIAH COUNTY, MISSISSIPPI

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

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

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

#### Fund Balance Flow Assumption:

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

#### N. Property Tax Revenues:

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

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

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

#### O. Intergovernmental Revenues in Governmental Funds.

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

#### P. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities

## COPIAH COUNTY, MISSISSIPPI

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

in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

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) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correctly present capital assets	\$ <u>32,254</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$6,689,902 and the bank balance was \$6,979,696. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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



# COPIAH COUNTY, MISSISSIPPI

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

### (4) 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>
Co-Wide Road Maintenance	General Fund	\$ 131,633
Co-Wide Road Maintenance	Other Governmental Funds	1,300,921
Co-Wide Road Maintenance	Agency Funds	250
Other Governmental Funds	General Fund	175,053
Agency Funds	General Fund	43,938
Total		\$ <u>1,651,795</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October, 2019 and to cover cash deficits in the Drug Court Fund, the Airport Project #28-0023-0203GRT Fund, the Reappraisal Maintenance Fund, the E-911 Service Fund, the RIF – Rural Impact Funds Fund, the Road Dept. Overlay 2014/2015 Fund, the Tourism Dept. Fund, the Refunding Gen Obligation 2016, the Refunding Gen Obligation 2018, and the Clearing Fund – Schools & Cities. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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

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

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

#### C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	\$ <u>48,000</u>

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

# COPIAH COUNTY, MISSISSIPPI

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

(5) Intergovernmental Receivables.

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

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 160,965
Reimbursement for housing prisoners	29,320
Reimbursement for drug court	10,739
Reimbursement for welfare	2,461
Reimbursement for youth court	631
	<hr/>
Total Governmental Activities	\$ <u>204,116</u>

(6) Capital Assets.

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

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<b>GOVERNMENTAL ACTIVITIES</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,666,496				1,666,496
Construction in progress	0	703,992			703,992
Total non-depreciable capital assets	<hr/> 1,666,496	703,992	0	0	<hr/> 2,370,488
<u>Depreciable capital assets:</u>					
Infrastructure	115,136,197				115,136,197
Buildings	19,684,089				19,684,089
Improvements other than buildings	7,379,405				7,379,405
Mobile equipment	8,466,743	272,621	66,948	648,565	9,320,981
Furniture & equipment	1,352,066	49,799	93,428	22,171	1,330,608
Leased property under capital lease	3,196,490	1,862	26,150	(483,201)	2,689,001
Total depreciable capital assets	<hr/> 155,214,990	324,282	186,526	187,535	<hr/> 155,540,281
<u>Less accumulated depreciation for:</u>					
Infrastructure	75,032,249	566,396			75,598,645
Buildings	6,643,534	303,063			6,946,597
Improvements other than buildings	2,209,224	295,182			2,504,406
Mobile equipment	6,538,215	474,484	60,252	531,149	7,483,596
Furniture & equipment	1,210,688	24,919	84,085	19,953	1,171,475
Leased property under capital lease	1,248,177	300,171	23,535	(395,821)	1,128,992
Total accumulated depreciation	<hr/> 92,882,087	1,964,215	167,872	155,281	<hr/> 94,833,711
Total depreciable capital assets, net	<hr/> 64,332,903	(1,639,933)	18,654	32,254	<hr/> 60,706,570
Governmental activities capital assets, net	<hr/> \$ 63,999,399	(935,941)	18,654	32,254	<hr/> <hr/> 63,077,058

## COPIAH COUNTY, MISSISSIPPI

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

\*Adjustments were made to 1) transfer lease purchase assets to proper classification upon completion of payments, and 2) to properly present capital assets.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
General government	\$ 441,526
Public safety	399,445
Public works	953,737
Health and welfare	<u>169,507</u>
Total governmental activities depreciation expense	<u>\$ 1,964,215</u>

(7) Claims and Judgments.

Risk Financing.

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

(8) Capital Leases.

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

As Lessor:

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

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 53,375
Buildings	<u>2,738,773</u>
Total	<u>\$ 2,792,148</u>

# COPIAH COUNTY, MISSISSIPPI

## Notes to Financial Statements For the Year Ended September 30, 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 Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 115,398	43,078
2021	118,043	40,433
2022	120,551	37,925
2023	191,376	35,601
2024	77,597	32,879
2025 - 2029	424,856	127,524
2030 - 2034	493,519	58,861
2035 - 2036	<u>140,686</u>	<u>6,874</u>
Total	\$ <u><u>1,682,026</u></u>	<u><u>383,175</u></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	\$ 2,388,470
Furniture and equipment	<u>300,531</u>
Total	2,689,001
Less: Accumulated depreciation	<u>1,128,992</u>
Leased Property Under Capital Leases	\$ <u><u>1,560,009</u></u>

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 852,236	16,888
2021	130,686	9,283
2022	<u>354,646</u>	<u>1,304</u>
Total	\$ <u><u>1,337,568</u></u>	<u><u>27,475</u></u>

## COPIAH COUNTY, MISSISSIPPI

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

#### (9) Defined Benefit Pension Plan.

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

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

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

**Contributions.** At September 30, 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. The 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 \$739,392, \$696,811, and \$690,027, 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 \$12,230,643 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 0.069524 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.000110 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.

# COPIAH COUNTY, MISSISSIPPI

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

For the year ended September 30, 2019, the County recognized pension expense of \$1,322,155. 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
Changes of assumptions	\$ 118,068	-
Remaining balance of prior years	244,872	373,271
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	7,128	-
County contributions subsequent to the measurement date	200,877	-
Total	\$ 570,945	373,271

\$200,877 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:

Year ending September 30	Amount
2020	\$ 76,637
2021	(172,107)
2022	36,429
2023	55,838
Total	\$ (3,203)

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 actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

# COPIAH COUNTY, MISSISSIPPI

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (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 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 16,077,604	12,230,643	9,055,322

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

# COPIAH COUNTY, MISSISSIPPI

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

### (10) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
GO Refunding Bonds - Series 2010	\$ 430,000	2.00/4.75%	07/2021
GO Road and Bridge Bonds, Series 2014	5,520,000	2.625/3.75%	11/2034
GO Road and Bridge Bonds, Series 2015	5,520,000	3.00/3.50%	03/2035
GO Refunding Bonds - Series 2016	3,140,000	1.00/2.375%	03/2027
GO Refunding Bonds - Series 2018	<u>4,665,000</u>	3.00/4.00%	04/2032
Total General Obligation Bonds	\$ <u>19,275,000</u>		
B. Capital Leases:			
Computer - Reappraisal Escrow	\$ 15,959	1.97%	01/2020
Three Caterpillar 12 M3 motor graders	413,053	2.01%	12/2019
Four Caterpillar 420F loaders	222,648	2.01%	12/2019
Five New Holland tractors	101,138	1.86%	05/2021
Eight 2018 Mack Dump Trucks	532,374	2.23%	11/2021
Microdata E-911 System	<u>52,396</u>	2.04%	11/2019
Total Capital Leases	\$ <u>1,337,568</u>		
C. Other Loans:			
Sugar Farm Road CAP loan	\$ 23,780	3.00%	01/2021
Two fire trucks CAP loan	283,579	2.00%	10/2025
McNeely Plastic CAP loan	1,416,102	3.00%	01/2036
Fire truck CAP loan	<u>126,507</u>	3.00%	02/2027
Total Other Loans	\$ <u>1,849,968</u>		



# COPIAH COUNTY, MISSISSIPPI

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

### Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2020	\$ 1,090,000	593,760
2021	1,370,000	555,734
2022	1,180,000	512,383
2023	1,275,000	474,528
2024	1,320,000	434,279
2025 - 2029	6,570,000	1,551,210
2030 - 2034	5,520,000	607,930
2035	950,000	16,625
Total	\$ 19,275,000	4,746,449

Year Ending September 30	Other Loans	
	Principal	Interest
2020	\$ 147,515	51,229
2021	137,754	47,366
2022	136,037	43,713
2023	139,697	40,054
2024	143,459	36,293
2025 - 2029	518,031	130,895
2030 - 2034	492,288	60,091
2035	135,187	3,084
Total	\$ 1,849,968	412,725

**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 8.15% of the latest property assessments.

**Prior Year Defeasance of Debt** – In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2019, \$7,865,000 of bonds outstanding were considered defeased.

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

# COPIAH COUNTY, MISSISSIPPI

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

	Balance Oct. 1, 2018	Reductions	Balance Sept. 30, 2019	Amount due within one year
<b>Governmental Activities:</b>				
Compensated absences	\$ 221,225	4,336	216,889	-
General obligation bonds	20,345,000	1,070,000	19,275,000	1,090,000
Less:				
Discounts	(36,337)	(6,241)	(30,096)	(6,241)
Add:				
Premiums	141,127	12,454	128,673	12,454
Capital leases	1,631,197	293,629	1,337,568	852,236
Other loans	1,982,041	132,073	1,849,968	147,515
Total	\$ 24,284,253	1,506,251	22,778,002	2,095,964

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

### (11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2019:

Fund	Deficit Amount
Drug Court Fund	\$ 22,161
Airport Proj #3-28-0023-0203GRT Fund	192,032
EDA/Industrial Improvements Fund	57,393
2011 Housing Grant	395
Reappraisal Maintenance Fund	57,327
E-911 Service Fund	705,900
RIF-Rural Impact Fund	41,635
Road Dept. Overlay 2014/2015	216,166
Tourism Department Fund	20,794
2007 Gen Obl Road/Bridge Bonds	169,473
Refunding Gen Obligation Bond 2018	12,067

### (12) 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.

## COPIAH COUNTY, MISSISSIPPI

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

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.

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

The governmental activities' unrestricted net position amount of (\$14,716,919) 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 \$200,877 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$370,068 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3 years. The \$373,271 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of (\$14,716,919) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$383,175 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 17 years.

The governmental activities' net investment in capital assets net position of \$44,204,751 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$111,171 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 14 years.

#### (14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

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

Copiah-Lincoln Community College operates in a district composed of the counties of Adams, Copiah, Franklin, Jefferson, Lawrence, Lincoln and Simpson. The Copiah County Board of Supervisors appoints six of the 27 members of the college board of trustees. The County appropriated \$771,745 for maintenance and support of the college in fiscal year 2019.

Hinds Community College operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Copiah County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$145,602 for maintenance and support of the college in fiscal year 2019.

Region Eight Mental Health Commission operates in a district composed of the counties of Copiah, Madison, Rankin and Simpson. The Copiah County Board of Supervisors appoints one member of the board of commissioners. The County appropriated \$65,140 for support of the commission in fiscal year 2019.

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

## COPIAH COUNTY, MISSISSIPPI

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

#### (15) Tax Abatements.

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

The Copiah County Board of Supervisors negotiate property tax abatements on an individual basis. The County has tax abatements with seven entities as of September 30, 2019. These abatements contribute to the economic development and citizenry of the County and are authorized under Section 27-31-101, Miss. Code 1972 (Ann.).

Purpose	Amount of Taxes Abated During the Fiscal Year	Percentage of Taxes Abated During the Fiscal Year
Industrial	\$649,418	62.50%

#### (16) Subsequent Events.

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

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

Issue	Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/04/2019		3.35%	\$ 85,265	Capital Lease	Ad valorem taxes
08/19/2020		2.15%	676,052	Capital Lease	Ad valorem taxes
04/30/2021		3.00%	153,150	Other Loan	Ad valorem taxes
06/11/2021		1.53%	567,520	Capital Lease	Ad valorem taxes

## REQUIRED SUPPLEMENTARY INFORMATION

**COPIAH COUNTY, MISSISSIPPI**  
 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)
<b>REVENUES</b>				
Property taxes	\$ 6,403,010	6,212,430	6,212,430	0
Licenses, commissions and other revenue	315,100	351,052	351,052	0
Fines and forfeitures	242,000	300,759	300,759	0
Intergovernmental revenues	450,000	550,501	550,501	0
Charges for services	425,000	599,043	599,043	0
Interest income	65,000	76,709	76,709	0
Miscellaneous revenues	100,000	153,177	153,177	0
Total Revenues	<u>8,000,110</u>	<u>8,243,671</u>	<u>8,243,671</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,292,659	3,353,519	3,353,519	0
Public safety	3,388,990	3,560,378	3,560,378	0
Public works	313,950	354,648	354,648	0
Health and welfare	222,584	224,058	224,058	0
Culture and recreation	144,569	145,871	145,871	0
Conservation of natural resources	103,328	98,298	98,298	0
Economic development and assistance	140,648	139,728	139,728	0
Debt service:				
Principal	467,527	15,650	15,650	0
Interest	0	623	623	0
Total Expenditures	<u>8,074,255</u>	<u>7,892,773</u>	<u>7,892,773</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(74,145)</u>	<u>350,898</u>	<u>350,898</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	0	214,480	214,480	0
Total Other Financing Sources and Uses	<u>0</u>	<u>214,480</u>	<u>214,480</u>	<u>0</u>
Net Change in Fund Balance	(74,145)	565,378	565,378	0
Fund Balances - Beginning	(592,197)	(754,494)	(754,494)	0
Fund Balances - Ending	<u>\$ (666,342)</u>	<u>(189,116)</u>	<u>(189,116)</u>	<u>0</u>

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

**COPIAH COUNTY, MISSISSIPPI**  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Maintenance Fund  
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,543,343	2,227,952	2,227,952	0
Road and bridge privilege taxes	370,000	379,989	379,989	0
Intergovernmental revenues	968,000	1,014,774	1,014,774	0
Charges for services		4,550	4,550	0
Miscellaneous revenues		42,219	42,219	0
Total Revenues	<u>3,881,343</u>	<u>3,669,484</u>	<u>3,669,484</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	3,131,544	3,158,461	3,158,461	0
Debt service:				
Principal	257,424	228,292	228,292	0
Interest		27,549	27,549	0
Total Expenditures	<u>3,388,968</u>	<u>3,414,302</u>	<u>3,414,302</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>492,375</u>	<u>255,182</u>	<u>255,182</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources		500	500	0
Total Other Financing Sources and Uses	<u>0</u>	<u>500</u>	<u>500</u>	<u>0</u>
Net Change in Fund Balance	492,375	255,682	255,682	0
Fund Balances - Beginning	2,469,966	2,749,911	2,749,911	0
Fund Balances - Ending	<u>\$ 2,962,341</u>	<u>3,005,593</u>	<u>3,005,593</u>	<u>0</u>

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

**COPIAH COUNTY, MISSISSIPPI**

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

## PERS

## Last 10 Fiscal Years\*

		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset)	\$	12,230,643	11,545,610	11,411,629	11,998,060	10,116,043	7,859,586
County's proportion of the net pension liability (asset)		0.069524%	0.069414%	0.068648%	0.067169%	0.065442%	0.064751%
County's covered payroll	\$	4,527,922	4,417,134	4,403,782	4,383,660	4,148,204	3,955,818
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		270.12%	261.38%	259.13%	273.70%	243.87%	198.68%
Plan fiduciary net position as a percentage of the total pension liability		62.54%	61.49%	61.49%	57.47%	61.70%	67.21%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.



**COPIAH COUNTY, MISSISSIPPI**

## Schedule of County Contributions

## PERS

## Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 739,391	696,811	690,027	690,427	653,334	623,042
Contributions in relation to the contractually required contribution	<u>739,391</u>	<u>696,811</u>	<u>690,027</u>	<u>690,427</u>	<u>653,334</u>	<u>623,042</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
County's covered payroll	\$ 4,573,171	4,424,197	4,381,114	4,383,660	4,148,204	3,955,822
Contributions as a percentage of covered payroll	16.17% **	15.75%	15.75%	15.75%	15.75%	15.75%

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until, a full 10-year is compiled, the County has only presented information for the years in which information is available.

\*\* 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%.

## COPIAH COUNTY, MISSISSIPPI

### 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 and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

#### B. Basis of Presentation.

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

#### C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
		Countywide
	General Fund	Road Maintenance Fund
Budget (Cash Basis)	\$ 565,378	255,682
Increase (Decrease)		
Net adjustments for revenue accruals	176,428	(61,161)
Net adjustments for expenditure accruals	28,251	41,412
GAAP Basis	<u>\$ 770,057</u>	<u>235,933</u>

## COPIAH COUNTY, MISSISSIPPI

### 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%.

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

## COPIAH COUNTY, MISSISSIPPI

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

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.

#### C. Methods and assumptions used in calculations of actuarially determined contributions.

##### 2016

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

## OTHER INFORMATION

**COPIAH COUNTY, MISSISSIPPI**

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2019

UNAUDITED

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

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

## SPECIAL REPORTS

**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

Members of the Board of Supervisors  
Copiah County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Copiah County, Mississippi (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 March 9, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Copiah County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2019-001.

We also noted certain matters which we have reported to the management of Copiah County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated March 9, 2022, included within this document.

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 9, 2022

Certified Public Accountants

**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

Members of the Board of Supervisors  
Copiah County, Mississippi

We have examined Copiah County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Copiah County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Copiah County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

Board of Supervisors.

1. Purchase Clerk and Inventory Control Clerk Should Ensure Compliance with State Laws over Surety Bonds.

Repeat Finding      Yes, OSA Compliance Report Finding #1

Criteria      Section 31-7-124, Miss. Code Ann. (1972), requires the Purchase Clerk and the Inventory Control Clerk to each give bond in a penalty equal to \$75,000 with sufficient surety, to be payable, conditioned and approved as provided by law.

Condition      Neither the Purchase Clerk nor the Inventory Control Clerk were bonded for their positions as of September 30, 2019.

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Cause	Inaction.
Effect	Failure to have the Purchase Clerk and the Inventory Control Clerk properly bonded could result in the loss of public funds.
Recommendation	Procedures should be implemented to ensure the Purchase Clerk and the Inventory Control Clerk are properly bonded.
Views of Responsible Officials	Upon learning of this, the Board took action to ensure both officials were properly bonded.

2. Board of Supervisors Should Ensure Compliance with State Laws over Receiving Purchases by the Receiving Clerk.

Repeat Finding	Yes, OSA Compliance Report Finding #2
Criteria	Section 31-7-161, Miss. Code Ann. (1972), states that the Receiving Clerk and assistants shall be solely responsible for the delivery of all equipment, heavy equipment, machinery, supplies, commodities, materials and services purchased by the County.
Condition	Numerous instances of tested purchases showed an individual(s) other than a bonded Receiving Clerk or Assistant Receiving Clerk signed Receiving Reports.
Cause	Inconsistent effort.
Effect	Failure to all purchases are received by employees bonded as Receiving Clerk or Assistant Receiving Clerk could result in the loss of public funds.
Recommendation	Procedures should be implemented by the Board of Supervisors to ensure all purchases are received by the bonded Receiving Clerk or Assistant Receiving Clerk.
Views of Responsible Officials	Upon learning of this, the Board took action to ensure only bonded receiving clerks or assistants signed receiving reports.

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

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

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

*Fortenberry & Ballard, PC*

Fortenberry and Ballard, PC  
March 9, 2022

Certified Public Accountants

**COPIAH COUNTY, MISSISSIPPI**

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2019

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

**COPIAH COUNTY, MISSISSIPPI**  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2019

Schedule 2

Our tests did not identify any emergency purchases.

**COPIAH COUNTY, MISSISSIPPI**

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source  
For the Year Ended September 30, 2019

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

# FORTENBERRY & BALLARD, PC

## CERTIFIED PUBLIC ACCOUNTANTS

### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Copiah County, Mississippi

In planning and performing our audit of the financial statements of Copiah County, Mississippi for the year ended September 30, 2019, we considered Copiah County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Copiah County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated March 9, 2022, on the financial statements of Copiah County, Mississippi.

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

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

Tax Collector.

1.	<u>Tax Collector Should Ensure Compliance with State Law over Bond Requirements</u>
Repeat Finding	Yes, OSA Compliance Report Finding #6
Criteria	Section 27-1-9(a), Miss. Code Ann. (1972), requires each Deputy Tax Collector to give bond to be payable, conditioned and approved as provided by law in an amount not less than \$50,000 for the faithful discharge of duties.
Condition	One Deputy Tax Collector was not bonded as of September 30, 2019.
Cause	Inaction.
Effect	Failure to comply with state statute could result in the loss of public funds.
Recommendation	Tax Collector should implement procedures to ensure all deputies collecting cash are bonded for their position in accordance with state statute.
Views of Responsible Official(s)	This individual's bond was created upon notice by the Compliance auditors.

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Sheriff.

2. Sheriff Should Ensure Compliance with State Law over Meal Logs Being Presented to the Board of Supervisors.

Repeat Finding Yes, OSA Compliance Report Finding #7

Criteria Section 19-25-74, Miss. Code Ann. (1972), requires the Sheriff to maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted daily, which records the number of meals served to prisoners at each meal time, and the hours of the day served, and to make affidavit as to the correctness thereof and file the same with the Board of Supervisors on a monthly basis.

Condition No evidence was provided in the Board of Supervisors' minutes to indicate the Sheriff submitted monthly to the Board the meal logs as required by law.

Cause Inaction.

Effect Failure to comply with state statute could put the Sheriff in violation of state law.

Recommendation Sheriff should implement procedures to ensure monthly meal logs are filed and spread across the Board of Supervisors' minutes in accordance with state statute.

Views of Responsible Official(s) Action has started upon hearing of this violation. Meal logs are now submitted monthly to the Board of Supervisors.

Board of Supervisors, Tax Assessor and Tax Collector.

3. County Officers and Employees Should Ensure Compliance with State Law over Bonding Requirements.

Repeat Finding Yes, OSA Compliance Report Finding #8

Criteria Section 25-1-15(2), Miss. Code Ann. (1972), requires public employees that are required to give individual bond to obtain a new bond at least every four years concurrent with the County's normal election cycle.

Condition A continuation certificate is a document extending the life of the original surety bond and covers only the current period rather than both the current and previous periods. The bonds of (a) the Receiving Clerk, (b) a Deputy Tax Assessor and (c) two Deputy Tax Collectors were either renewed with a continuation certificate or issued for an indefinite period of time.

Cause Inaction.

Effect Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should implement procedures to ensure employees' bonds meet the requirements of state statute.

Views of Responsible Official(s) Per Tax Assessor and per Tax Collector, the surety bonds were addressed upon hearing from the OSA Compliance auditors. The Board of Supervisors disagrees with the finding regarding the receiving clerk.

Auditor's Note The Receiving Clerk bond was dated March 8, 2019 and had listed a term of "indefinite".



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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry and Ballard, PC  
March 9, 2022

Certified Public Accountants

## SCHEDULE OF FINDINGS AND RESPONSES

## Copiah County, Mississippi

### 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:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
  - a. Material weakness identified? Yes
  - b. Significant deficiency identified? None reported.
3. Noncompliance material to the financial statements noted? Yes

#### Section 2: Financial Statement Findings

Inventory Control Clerk.

Material Weakness and Material Noncompliance

2019-001.

##### Deficiencies Were Noted in the Capital Assets Records.

Repeat Finding

Yes, 2018-001

Criteria

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

Condition

The following deficiencies were noted in the capital assets records:

- Assets purchased in fiscal year 2019 including a tractor, boom mower and crane were not placed on the County's inventory system.
- Asset classifications such as construction in progress, infrastructure, improvements and leased property under capital leases are not maintained on the County's inventory system.
- A building and land leased by the County to an industry costing \$1,525,000 appears on the County's inventory ledger. This property is booked by the industry as their property and is considered an operating lease of the County.

Cause	These errors were caused by failure to implement internal control procedures ensuring all items are recorded, properly valued and properly classified in the County's capital asset records.
Effect	Failure to maintain an inventory control system properly could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should implement appropriate control procedures to ensure that all items are recorded, properly valued and classified in the County's capital asset records. Information listed in the County's capital asset records should be reconciled by all involved department heads through an annual inventory to ensure records are accurate and complete.
Views of Responsible Official(s)	We concur with the finding and have addressed previous deficiencies and will immediately address these items with the Inventory Control Clerk. She will take immediate corrective action.