



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

HUMPHREYS COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2019



HUMPHREYS COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR’S REPORT	2
FINANCIAL STATEMENTS	5
Statement of Net Position	6
Statement of Activities	7
Balance Sheet – Governmental Funds.....	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Assets and Liabilities	12
Notes to Financial Statements.....	13
REQUIRED SUPPLEMENTARY INFORMATION	38
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)	
General Fund.....	39
Schedule of Proportionate Share of the Net Pension Liability	40
Schedule of Contributions - PERS	41
Schedule of Proportionate Share of the Net OPEB Liability	42
Schedule of Contributions - OPEB	43
Notes to Required Supplementary Information.....	44
OTHER INFORMATION	48
Schedule of Surety Bonds for County Officials	49
SPECIAL REPORTS.....	50
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	51
SCHEDULE OF FINDINGS AND RESPONSES	53

HUMPHREYS COUNTY

FINANCIAL SECTION

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Humphreys County, Mississippi

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

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

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

Basis for Qualified Opinion on Governmental Activities

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

Qualified Opinion

In our opinion, except for the effects of the matter discussed in "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Humphreys County, Mississippi, as of September 30, 2019, and the change in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregated discretely presented component unit, the General Fund, and the aggregate remaining fund information of Humphreys County, Mississippi, as of September 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and corresponding notes, the Schedule of the Proportionate Share of the Net Pension Liability, the Schedule of Contributions, and the Library's Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, on our consideration of Humphreys County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Humphreys County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humphreys County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

February 13, 2023

HUMPHREYS COUNTY

FINANCIAL STATEMENTS

HUMPHREYS COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government	Component Unit
	Governmental	Humphreys County
	Activities	Library
ASSETS		
Cash	\$ 6,385,804	128,189
Property tax receivable	5,826,723	
Accounts receivable, (net of allowance for uncollectibles of \$3,000,801)	78,667	6,541
Fines receivable, (net of allowance for uncollectibles of \$1,245,861)	43,084	
Loans receivable	-	
Intergovernmental receivables	47,479	
Other receivables	60,224	
Capital assets:		
Land and construction in progress	2,072,178	
Other capital assets, net	28,847,577	8,187
Total Assets	43,361,736	142,917
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	633,128	20,346
Deferred outflows - OPEB		6,527
Total Deferred Outflows of Resources	633,128	26,873
LIABILITIES		
Claims payable	534,463	1,217
Intergovernmental payables	74,908	
Amounts held in custody for others	31,774	
Accrued interest payable	30,045	
Other payables	2,817	
Long-term liabilities		
Net pension liability	7,300,669	151,643
Net OPEB liability		22,325
Due within one year:		
Capital debt	461,536	
Non-capital debt	186,000	
Due in more than one year:		
Capital debt	1,274,730	
Non-capital debt	897,039	1,679
Total Liabilities	10,793,981	176,864
DEFERRED INFLOWS OF RESOURCES		
Property tax for future reporting period	5,826,723	
Deferred inflows related to pensions	86,384	23,699
Deferred inflows - OPEB		5,872
Total Deferred Inflows of Resources	5,913,107	29,571
NET POSITION		
Net investment in capital assets	29,183,489	8,187
Restricted:		
Expendable:		
Public safety	896,993	
Public works	673,881	
Culture & recreation	19	6,159
Debt service	475,287	
Unrestricted	(3,941,893)	(50,991)
Total Net Position	\$ 27,287,776	(36,645)

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

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

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Humphreys County Library
Primary government:						
Governmental activities:						
General government	\$ 3,220,240	227,876			(2,992,364)	
Public safety	1,402,834	81,361	56,161		(1,265,312)	
Public works	3,851,706	299,735		1,617,215	(1,934,756)	
Health and welfare	365,423				(365,423)	
Culture and recreation	52,621			29,420	(23,201)	
Conservation of natural resources	95,568				(95,568)	
Economic development and assistance	6,973				(6,973)	
Interest on long-term debt	94,569				(94,569)	
Pension expense	951,003				(951,003)	
Total Governmental Activities	<u>\$ 10,040,937</u>	<u>608,972</u>	<u>56,161</u>	<u>1,646,635</u>	<u>(7,729,169)</u>	
Component Units:						
Humphreys County Library	<u>\$ 117,147</u>	<u>6,141</u>	<u>44,265</u>			<u>(66,741)</u>
General revenues:						
Property taxes					\$ 8,516,803	
Road & bridge privilege taxes					97,306	
Grants and contributions not restricted to specific programs					733,275	58,000
Unrestricted investment income					25,982	740
Miscellaneous					153,330	2,394
Total General Revenues					<u>9,526,696</u>	<u>61,134</u>
Changes in Net Position					<u>1,797,527</u>	<u>(5,607)</u>
Net Position - Beginning, as previously stated					26,086,012	(31,038)
Prior period adjustment					(595,763)	
Net Position - Beginning, as restated					<u>25,490,249</u>	<u>(31,038)</u>
Net Position - Ending					<u>\$ 27,287,776</u>	<u>(36,645)</u>

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

HUMPHREYS COUNTY
Balance Sheet – Governmental Funds
September 30, 2019

Exhibit 3

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 4,123,380	2,262,424	6,385,804
Property tax receivable	3,975,984	1,850,739	5,826,723
Accounts receivable (net of allowance for uncollectibles of \$3,000,801)		78,667	78,667
Fines receivable (net of allowance for uncollectibles of \$1,245,861)	43,084		43,084
Loans receivable, net	-		-
Intergovernmental receivables	35,768	11,711	47,479
Due from other funds	118,250	30,530	148,780
Other receivables	60,224		60,224
Total Assets	<u>8,356,690</u>	<u>4,234,071</u>	<u>12,590,761</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	297,528	236,935	534,463
Intergovernmental payables	74,908		74,908
Due to other funds	30,530	118,250	148,780
Amounts held in custody	31,774		31,774
Other payables	2,817		2,817
Total Liabilities	<u>437,557</u>	<u>355,185</u>	<u>792,742</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	3,975,984	1,850,739	5,826,723
Unavailable revenue - sanitation fees		78,667	78,667
Unavailable revenue - fines	43,084		43,084
Total Deferred Inflows of Resources	<u>4,019,068</u>	<u>1,929,406</u>	<u>5,948,474</u>
FUND BALANCE			
Restricted for:			
Public safety		896,993	896,993
Public works		673,881	673,881
Culture & recreation		19	19
Debt Service		505,332	505,332
Unassigned	3,900,065	(126,745)	3,773,320
Total Fund Balances	<u>3,900,065</u>	<u>1,949,480</u>	<u>5,849,545</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,356,690</u>	<u>4,234,071</u>	<u>12,590,761</u>

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

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,849,545
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$48,212,775.	30,919,755
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	121,751
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,819,305)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental fund financial statements.	(7,300,669)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred outflows of resources related to pensions	633,128
Deferred inflows of resources related to pensions	(86,384)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(30,045)
Total Net Position - Governmental Activities	\$ <u><u>27,287,776</u></u>

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

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

	<u>Major Fund</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES			
Property taxes	\$ 5,443,518	3,073,285	8,516,803
Road and bridge privilege taxes		97,306	97,306
Licenses, commissions and other revenue	111,108	3,320	114,428
Fines and forfeitures	119,530		119,530
Intergovernmental revenues	355,902	2,080,169	2,436,071
Charges for services	6,981	374,115	381,096
Interest income	17,306	8,676	25,982
Miscellaneous revenues	72,425	80,905	153,330
Total Revenues	<u>6,126,770</u>	<u>5,717,776</u>	<u>11,844,546</u>
EXPENDITURES			
General government	3,386,683	13,903	3,400,586
Public safety	1,428,213	53,508	1,481,721
Public works	15,002	5,053,896	5,068,898
Health and welfare	76,920	253,206	330,126
Culture and recreation	42,000		42,000
Conservation of natural resources	108,713		108,713
Economic development and assistance	6,973		6,973
Debt service:			
Principal	15,288	622,138	637,426
Interest	131	95,228	95,359
Total Expenditures	<u>5,079,923</u>	<u>6,091,879</u>	<u>11,171,802</u>
Excess of Revenues over (under) Expenditures	<u>1,046,847</u>	<u>(374,103)</u>	<u>672,744</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term debt		31,699	31,699
Total Other Financing Sources and Uses	<u>-</u>	<u>31,699</u>	<u>31,699</u>
Net Changes in Fund Balances	<u>1,046,847</u>	<u>(342,404)</u>	<u>704,443</u>
Fund Balances - Beginning, as previously reported	2,822,603	2,479,099	5,301,702
Prior period adjustments	30,615	(187,215)	(156,600)
Fund Balances - Beginning, as restated	<u>2,853,218</u>	<u>2,291,884</u>	<u>5,145,102</u>
Fund Balances - Ending	<u>\$ 3,900,065</u>	<u>1,949,480</u>	<u>5,849,545</u>

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

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 704,443
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. The amount that capital outlays of \$1,596,565 exceeded depreciation of \$592,250 in the current period. Thus, the change in net position differs from the change in fund balances by	1,004,315
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(3,095)
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.	(2,987)
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 \$637,426 exceeds proceeds of long-term debt of \$31,699.	605,727
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting, when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:	
Interest payable	790
Compensated absences	1,161
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	(951,003)
Recording of contributions made prior and subsequent to the measurement date	438,176
Change in Net Position of Governmental Activities	\$ <u><u>1,797,527</u></u>

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

HUMPHREYS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 5

	Agency Funds
<hr/>	
ASSETS	
Cash	\$ <u>410,239</u>
Total Assets	<u>410,239</u>
LIABILITIES	
Intergovernmental payables	<u>410,239</u>
Total Liabilities	\$ <u>410,239</u>

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity.

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

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

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

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

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

and other non-exchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Fund:

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Inter-fund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

to as "due to/from other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets.

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

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

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

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

J. Deferred Outflows/Inflows of Resources.

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

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

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

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

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

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

K. Pensions.

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

L. Long-term Liabilities.

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

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

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.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

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

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Compensated Absences.

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

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.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

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

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct capital assets	\$ (439,163)
To adjust funds paid to schools	106,685
To adjust loan receivable	(81,720)
To correct claims payable	5,650
To correct prior year entries	(187,215)
Total prior period adjustments	<u><u>\$ (595,763)</u></u>

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances.

Explanation	Amount
To adjust funds paid to schools	\$ 106,685
To adjust loan receivable	(81,720)
To correct claims payable	5,650
To correct prior year entries	(187,215)
Total prior period adjustments	<u><u>\$ (156,600)</u></u>

NOTE 3 – DEPOSITS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$6,796,043 and the bank balance was \$7,084,917. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2019:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 118,250
Other Governmental Funds	General Fund	30,530
Total		<u>\$ 148,780</u>

The amounts payable from the General Fund represent the tax revenue collected in September 2019, but not settled until after September 30, 2019. The amounts payable from Other Governmental Funds were to cover deficit cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

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

<u>Governmental Activities:</u>	<u>Receivables</u>
Legislative Credit	\$ 35,768
Engineering fees	11,711
Total	<u>\$ 47,479</u>

NOTE 6 – LOANS RECEIVABLES.

Loan receivable balances at September 30, 2019, are as follows:

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 7 – CAPITAL ASSETS.

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

	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 190,513				190,513
Construction in progress	2,306,889	1,564,866		(1,990,090)	1,881,665
Total Non-depreciable capital assets	2,497,402	1,564,866	-	(1,990,090)	2,072,178
Depreciable capital assets:					
Infrastructure	62,650,691			1,740,631	64,391,322
Buildings	5,634,558				5,634,558
Improvements other than buildings	1,567,103				1,567,103
Mobile equipment	3,783,007			167,301	3,950,308
Furniture and equipment	1,382,383				1,382,383
Leased property under capital leases	384,199	31,699		(281,220)	134,678
Total depreciable capital assets	75,401,941	31,699	-	1,626,712	77,060,352
Less accumulated depreciation for:					
Infrastructure	39,751,924	384,607		75,785	40,212,316
Buildings	2,269,664	82,988			2,352,652
Improvements other than buildings	638,695	62,684			701,379
Mobile equipment	3,137,511	46,860		347,430	3,531,801
Furniture and equipment	1,374,633				1,374,633
Leased property under capital leases	372,313	15,111		(347,430)	39,994
Total accumulated depreciation	47,544,740	592,250	-	75,785	48,212,775
Total depreciable capital assets, net	27,857,201	(560,551)	-	1,550,927	28,847,577
Governmental activities capital assets, net	\$ 30,354,603	1,004,315	-	(439,163)	30,919,755

*Adjustments made are to reclassify completed construction in progress to infrastructure and matured capital leases and correct prior years balances.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
Public Safety	\$ 27,032
Public Works	519,300
Health and Welfare	35,297
Culture & Recreation	10,621
Total governmental activities depreciation expense	\$ 592,250

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

HUMPHREYS COUNTY COMPONENT UNIT – Humphreys County Library

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

COMPONENT UNIT	Balance				Balance
Governmental activities:	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
Depreciable capital assets:					
Library collection	\$ 371,204	3,462			374,666
Furniture and equipment	5,146				5,146
Total depreciable capital assets	376,350	3,462	-	-	379,812
Less accumulated depreciation for:					
Library collection	365,436	3,132			368,568
Furniture and equipment	2,038	1,019			3,057
Total accumulated depreciation	367,474	4,151	-	-	371,625
Total depreciable capital assets, net	\$ 8,876	(689)	-	-	8,187

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

NOTE 8 – CLAIMS AND JUDGMENTS.

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

NOTE 9 – CAPITAL LEASES.

As Lessee

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 134,678
Less: Depreciation	(39,994)
Leased Property Under Capital Leases	\$ 94,684

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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	\$ 36,993	627
2021	21,769	69
2022	10,567	-
Total	<u>\$ 69,329</u>	<u>696</u>

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).

HUMPHREYS COUNTY

Plan Description

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

HUMPHREYS COUNTY COMPONENT UNIT – HUMPHREYS COUNTY LIBRARY

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

Plan description.

State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees, and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The Plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. The Library's contributions to the OPEB plan for the year ended September 30, 2019 were \$895.

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

At September 30, 2019, the Library reported a liability of \$22,325 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the Library's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the Library's proportion was 0.00263098 percent. This was a increase of 0.0005 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended September 30, 2019, the Library recognized OPEB expense of \$1,220. At September 30, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34	320
Net difference between projected and actual earnings on OPEB plan investments		
Changes of assumptions	1,664	1,158
Changes in the proportion and differences between Library contributions and proportionate share contributions	4,605	4,394
Library Contributions subsequent to the measurement date	224	
	<u>\$ 6,527</u>	<u>5,872</u>

The \$224 reported as deferred outflows of resources related to OPEB resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Outflows/Deferred Inflows Aging: Year ending September 30:	Amount
2020	\$ (63)
2021	(63)
2022	(63)
2023	(118)
2024	404
Thereafter	334
Total	<u>\$ 431</u>

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an ultimate rate
Pre-Medicare	of 4.75% by 2028

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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 demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately; therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Library's proportionate share of the net OPEB liability, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Net OPEB Liability	\$ 24,799	22,235	20,208

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

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 20,688	22,325	24,180

OPEB plan fiduciary net position. The fiduciary net position for the OPEB plan was \$1,017,904 as of June 30, 2019, the measurement date. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 11– DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

Contributions. At September 30, 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 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 \$438,176, \$407,430, and \$384,319, 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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

At September 30, 2019 the County reported a liability of \$7,300,669 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 0.0415 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.0019 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$951,003. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,123	7,119
Net difference between projected and actual earnings on investments		72,441
Changes of assumptions	71,475	
Changes in the proportion and differences between County contributions and proportionate share contributions	439,054	6,824
County Contributions subsequent to the measurement date	118,476	
	<u>\$ 633,128</u>	<u>86,384</u>

The \$118,476 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:

Deferred Outflows/Inflows Aging:	
Year ending September 30:	Amount
2020	\$ 240,370
2021	68,627
2022	85,939
2023	33,332
Total	<u>\$ 428,268</u>

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

Inflation percentage	2.75%
Salary increases, including inflation	3.00% - 18.25%
Investment rate of return	
net of pension plan investment expense, including inflation	7.75%

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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 period July 1, 2014 to June 30, 2018. The experience report is dated April 2, 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 most recent 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
	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (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:

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
County's proportionate share of net pension liability	\$ 9,596,982	\$ 7,300,669	\$ 5,405,268

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

HUMPHREYS COUNTY COMPONENT UNIT – Humphreys County Library

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

Contributions. The Library's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018, and 2017 were \$8,661, \$7,835, and \$9,720, 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 Library reported a liability of \$151,643 for its proportionate share of the net pension liability. At June 30, 2019, the Library's proportion was 0.000862 percent. This was an increase of 0.000121 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the Library recognized pension expense of \$13,082. At September 30, 2019 the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77	191
Net difference between projected and actual earnings on investments		2,129
Changes of assumptions	1,490	
Changes in the proportion and differences between Library contributions and proportionate share contributions	16,598	21,379
Library Contributions subsequent to the measurement date	2,181	
	<u>\$ 20,346</u>	<u>23,699</u>

The \$2,181 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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:

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Deferred Outflows/Deferred Inflows Aging:	
Year ending September 30:	Amount
2020	\$ (3,539)
2021	(7,296)
2022	4,609
2023	692
Total	<u>\$ (5,534)</u>

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Library's proportionate share of net pension liability	\$ 199,340	151,643	112,273

NOTE 12 – LONG TERM DEBT

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

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Governmental Activities:			
A. General Obligation Bonds			
2010 GO Bond Cap. Improvements	\$ 235,000	3.8	05-20
2014 GO Bond Public Improvements	655,000	2.1-3.0	05-24
2015 GO Bond Non-Capital	1,045,000	2.98	06-23
2016 GO Bond Cap. Improvements	400,800	1.4 - 2.0	11-21
Total General Obligation Bonds	<u>\$ 2,335,800</u>		
B. Capital Leases:			
2012 Volvo Motor grader	\$ 37,630	2.45	08-16
Kubota MaS-111SHHdc Tractor	31,699	0.00	09-22
Total Capital Leases	<u>\$ 69,329</u>		
C. Other Loans:			
Kubota M8540	\$ 41,655	4.48	04-22
John Deer	57,042	5.27	03-23
Health Complex	277,440	4.75	12-29
Total Other Loans	<u>\$ 376,137</u>		

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 559,600	64,885	50,943	16,050
2021	575,600	49,104	53,392	13,127
2022	588,600	32,442	48,759	11,152
2023	472,000	16,201	31,756	9,243
2024	140,000	2,100	23,944	8,130
2025-2029			136,383	24,463
2030			30,960	1,316
Total	\$ 2,335,800	164,732	376,137	83,481

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 2.75% of the latest property assessments.

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

Governmental Activities:	Balance	Additions	Reductions	Adjustments	Balance	Amount due within one year
	Oct. 1, 2018				Sept. 30, 2019	
Compensated absences	\$ 39,200		1,161		38,039	
Other loans	424,767		48,630		376,137	50,943
General obligation bonds	2,881,400		545,600		2,335,800	559,600
Capital leases	80,826	31,699	43,196		69,329	36,993
Total	\$ 3,426,193	31,699	638,587	-	2,819,305	647,536

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

LONG TERM DEBT – COMPONENT UNIT
Humphreys County Library

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

	Balance	Additions	Reductions	Adjustments	Balance
	Oct. 1, 2018				Sept. 30, 2019
Compensated absences	\$ 2,182		503		1,679
Total	\$ 2,182	-	503	-	1,679

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 13 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

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

<u>Fund</u>	<u>Amount</u>
Law Library	\$ (6,556)
District 1 Road Maintenance	(619,576)
District 2 Road Maintenance	(332,249)
District 4 Road Maintenance	(240,785)
District 5 Road Maintenance	(143,725)

NOTE 14 – CONTINGENCIES.

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

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

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

Humphreys County

The governmental activities' unrestricted net position deficit amount of \$(3,941,893) 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 \$118,476 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$514,652 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 \$86,384 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years.

Humphreys County Library

The unrestricted net position deficit amount of \$(50,991) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions and OPEB. The \$20,346 balance of the deferred outflow of resources from pensions at September 30, 2019 will be recognized as expenses and decrease unrestricted net position over the next 4 years. The \$6,527 balance of the deferred outflow of resources from OPEB at September 30, 2019 will be recognized as expenses and decrease unrestricted net position over the next 5-6 years.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

The unrestricted net position deficit amount of \$(50,991) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions and OPEB. The \$23,699 balance of the deferred inflow of resources from pensions at September 30, 2019 will be recognized as revenue and increase unrestricted net position over the next 4 years. The \$5,872 balance of the deferred inflow of resources from OPEB at September 30, 2019 will be recognized as revenue and increase unrestricted net position over the next 5-6 years.

NOTE 16 – JOINT VENTURE.

The County participates in the following joint venture:

The North Central Task Force consists of Carroll, Claiborne, Grenada, Holmes, Humphreys, Leflore, Quitman and Tunica Counties and the Cities of Itta Bena and Port Gibson. It is a multi-jurisdictional drug enforcement task force established to provide more widespread apprehension and possession of violators. The County did not appropriate any funds for support of the task force in fiscal year 2019.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County levied 1.50 mills for maintenance and 1.50 mills for support of the college in fiscal year 2019.

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Humphreys County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$23,200 to the entity in fiscal year 2019.

South Delta Planning and Development District operates in a district composed of the counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Humphreys County Board of Supervisors appoints one of the 22 members of the district board of directors. The County appropriated \$4,640 for the support of the district in fiscal year 2019.

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Humphreys County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The County appropriated \$42,420 for support of the district in fiscal year 2019.

NOTE 18 – TAX ABATEMENTS

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, Tax Abatement Disclosures. This statement requires governmental

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Humphreys County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements are for five to ten years and contribute to the economic development and citizenry of the County. The County had tax abatement agreements with one entity as of September 30, 2019.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies: 27-31-105, Miss. Code (Ann.) 1972. All allowable property tax levies:

Category	Fiscal Year 2019	
	% of Taxes Abated	Amount of Taxes Abated
Additions, expansions or equipment replacement	86%	\$ 22,409

NOTE 19 - REPORTS

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

NOTE 20 – SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Humphreys County evaluated the activity of the County through February 13, 2023 (the date the financial statements were available to be issued) and determined that the following subsequent events occurred that require disclosure in the notes to the financial statements.

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
3/18/2020	5.65%	\$ 13,650	Equipment Loan	Ad valorem taxes
8/18/2020	3.11%	102,900	Capital Lease	Ad valorem taxes
12/1/2020	2.83%	154,000	Equipment Loan	Ad valorem taxes
12/1/2020	2.83%	139,000	Equipment Loan	Ad valorem taxes
3/19/2021	4.50%	210,900	Capital Lease	Ad valorem taxes
7/20/2021	3.00%	70,442	Equipment Loan	Ad valorem taxes
3/31/2021	1.75%	2,635,000	Special Obligation Bonds	Ad valorem taxes

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

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

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

On November 8, 2019, Lawrence Browder entered a voluntary plea of guilty to the charge of fraudulent statements and representations in the Circuit Court of Humphreys County, Mississippi. The Court withheld the acceptance of the guilty plea in abeyance and placed the defendant on three (3) years on non-adjudicative probation. The Court further ordered that Browder be placed on three (3) years of non-adjudicative telephonic probation. Conditions of the non-adjudicative telephonic probation required Browder to pay \$31,350 in restitution to Humphreys County. This amount was paid on the day of the plea. Browder must also pay \$10,710.16 to the Mississippi State Auditor's Office in the amount of \$315 per month, beginning December 1, 2019 and the first of every month thereafter until paid in full within the three year non-adjudicative telephonic probation.

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

HUMPHREYS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,579,000	5,441,988	5,441,988	-
Licenses, commissions and other revenue	93,200	83,486	83,486	-
Fines and forfeitures	77,000	106,769	106,769	-
Intergovernmental revenues	350,500	312,883	312,883	-
Charges for services	10,000	6,981	6,981	-
Interest income	8,000	16,906	16,906	-
Miscellaneous revenues	77,000	194,208	194,208	-
Total Revenues	<u>5,194,700</u>	<u>6,163,221</u>	<u>6,163,221</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	3,594,330	3,466,341	3,466,341	-
Public safety	1,457,750	1,492,187	1,492,187	-
Public works	8,000	15,302	15,302	-
Health and welfare	86,100	72,588	72,588	-
Culture and recreation	40,000	42,500	42,500	-
Conservation of natural resources	146,950	117,820	117,820	-
Economic development and assistance	16,640	2,167	2,167	-
Debt Service	43,000	-	-	-
Total Expenditures	<u>5,392,770</u>	<u>5,208,905</u>	<u>5,208,905</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(198,070)</u>	<u>954,316</u>	<u>954,316</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources				-
Other financing uses	<u>(58,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(58,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(256,070)	954,316	954,316	-
Fund Balance - Beginning	<u>(2,892,014)</u>	<u>(41,516)</u>	<u>(41,516)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (3,148,084)</u>	<u>912,800</u>	<u>912,800</u>	<u>-</u>

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

HUMPHREYS COUNTY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015	2014
Humphreys County						
County's proportion of the net pension liability (asset)	0.0415%	0.0396%	0.0376%	0.0353%	0.0362%	0.0347%
County's proportionate share of the net pension liability (asset)	\$ 7,300,669	\$ 6,586,657	\$ 6,250,397	\$ 6,305,461	\$ 5,595,806	\$ 4,211,945
County's covered payroll	2,702,128	2,526,380	2,409,124	2,255,494	2,265,291	2,128,229
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	270.18%	260.72%	259.45%	279.56%	247.02%	197.91%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
COMPONENT UNIT						
Humphreys County Library						
Library's proportion of the net pension liability (asset)	0.000862%	0.000741%	0.001005%	0.000912%	0.000931%	
Library's proportionate share of the net pension liability (asset)	\$ 151,643	\$ 123,249	\$ 167,064	\$ 162,905	\$ 139,122	
Library's covered payroll	49,746	47,340	64,502	58,311	59,130	
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	304.83%	260.35%	259.01%	279.37%	235.28%	
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	

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

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

HUMPHREYS COUNTY
Schedule of Contributions - PERS
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

	2019	2018	2017	2016	2015
Humphreys County					
Contractually required contribution	\$ 438,176	\$ 407,430	\$ 384,319	\$ 357,584	\$ 356,783
Contributions in relation to the contractually required contribution	<u>438,176</u>	<u>407,430</u>	<u>384,319</u>	<u>357,584</u>	<u>356,783</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 2,710,738	\$ 2,586,862	\$ 2,440,105	\$ 2,270,366	\$ 2,265,291
Contributions as a percentage of covered-employee payroll	16.16% **	15.75%	15.75%	15.75%	15.75%
COMPONENT UNIT					
Humphreys County Library					
Contractually required contribution	\$ 8,661	\$ 7,835	\$ 9,720	\$ 9,704	\$ 9,251
Contributions in relation to the contractually required contribution	<u>8,661</u>	<u>7,835</u>	<u>9,720</u>	<u>9,704</u>	<u>9,251</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Library's covered-employee payroll	\$ 53,977	\$ 49,746	\$ 61,714	\$ 61,613	\$ 58,737
Contributions as a percentage of covered-employee payroll	16.05% **	15.75%	15.75%	15.75%	15.75%

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

**Beginning July 1, 2019, the employer rate increased from 15.75% to 17.40%.

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

HUMPHREYS COUNTY
Schedule of Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

Humphreys County Library

	2019	2018
Library's proportion of the net OPEB liability	0.00263098%	0.00217014%
Library's proportionate share of the net OPEB liability	\$ 22,235	\$ 16,786
Library's covered payroll	49,746	47,340
Library's proportionate share of the net OPEB liability as a percentage of its covered payroll	44.697%	35.458%
Plan fiduciary net position as a percentage of the total OPEB liability	0.11983%	0.12911%

*The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Library has only presented information for the years in which information is available.

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

HUMPHREYS COUNTY
Schedule of Contributions OPEB
Last 10 Fiscal Years*
For the Year Ended September 30, 2019
UNAUDITED

Humphreys County Library

	2019	2018
Contractually required contribution	\$ 895	748
Contributions in relation to the actuarially determined contribution	<u>895</u>	<u>748</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered employee payroll	\$ 53,977	49,746
Contributions as a percentage of covered employee payroll	1.6581%	1.5036%

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

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

A. Budgetary Information.

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

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

A. Basis of Presentation.

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

B. Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

	<u>General Fund</u>
Budget (Cash Basis)	\$ 954,316
Increase (Decrease)	
Net adjustments for revenue accruals	(36,452)
Net adjustments for expenditure accruals	128,983
GAAP Basis	<u><u>\$ 1,046,847</u></u>

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

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:

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

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%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

HUMPHREYS COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019
UNAUDITED

2019: The SEIR was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

(2) *Changes in benefit provisions*

2018: None

2019: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method Market Value of Assets Price inflation	3.00%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	7.75%
Ultimate health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	4.75%
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2028
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.89%

HUMPHREYS COUNTY

OTHER INFORMATION

HUMPHREYS COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
“Unaudited”

Name	Position	Surety Company	Bond Amount
James E. Bankhead	Supervisor District 1	Travelers	100,000
R. D. Stevens	Supervisor District 2	Not Located	100,000
Woodrow Johnson	Supervisor District 3	Not Located	100,000
Jerry Wood	Supervisor District 4	Western Surety	100,000
Roy Broomfield	Supervisor District 5	Western Surety	100,000
Lawrence Browder	County Administrator	Not Located	100,000
Lawrence Browder	Chancery Clerk	Travelers	100,000
Lawrence Browder	Purchase Clerk	Western Surety	75,000
Deborah Edwards	Clerk	Travelers	50,000
Shavon Ellis	Chancery Deputy Clerk	Western Surety	10,000
Alicia Toler	Chancery Deputy Clerk	Western Surety	50,000
Tamika Jones	Circuit Clerk	Western Surety	100,000
Sharon Neal - Deputy	Circuit Deputy Clerk	Western Surety	50,000
Vernetta Washington	Circuit Deputy Clerk	Western Surety	50,000
Calvin Ball	Receiving Clerk	Western Surety	75,000
Gail F. Hood	Asst. Receiving Clerk	Travelers	50,000
Jeanette Randle	Inventory Control Clerk	Not Located	75,000
J. D. Roseman	Sheriff	Not Located	100,000
Andrew Dent	Constable	Travelers	50,000
Bruce Williams	Constable	Not Located	50,000
Shirley Brown Cummings	Justice Court Judge	Western Surety	50,000
Abraham Gates	Justice Court Judge	Travelers	50,000
Sandra Overton	Justice Court Clerk	Travelers	50,000
Akeitha L. Smith	Deputy Justice Court Clerk	Travelers	50,000
Alecia Tolar	Deputy Justice Court Clerk	Western Surety	50,000
Margaret Parks	Tax Collector/Assessor	Western Surety	100,000
Calvin Ball	Deputy Tax Assessor	Not Located	10,000
Lunda Nutall	Deputy Tax Assessor	Not Located	10,000
Schardell Dent	Deputy Tax Collector	Not Located	50,000
Melissa E. Davis	Deputy Tax Collector	Western Surety	50,000
April Morgan	Deputy Tax Collector	Western Surety	50,000
Teresa Kirkwood	Deputy Tax Collector	Western Surety	50,000
Norma Quinn	Deputy Tax Collector	Western Surety	50,000

HUMPHREYS COUNTY

SPECIAL REPORTS

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

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

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

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

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

Members of the Board of Supervisors
Humphreys County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, the major fund and the aggregate remaining fund information of Humphreys County, Mississippi (the County), as of and for the year ended September 30, 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 February 13, 2023. This report is qualified on the governmental activities because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America. We did not audit the financial statements of the Humphreys County Library, component unit, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit column. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. This report does not include the results of the other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination

of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

Humphreys County's Responses to Findings

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

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
February 13, 2023

HUMPHREYS COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Aggregate discretely presented component unit	Unmodified
General Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? None Reported
3. Noncompliance material to the financial statements? No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2019-001. The County does not record a liability for other postemployment benefits in the governmental activities.

Repeat Finding Yes

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

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

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

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

Effect	The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities.
Recommendation	The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.
Response	We believe that the cost of compliance with this statement outweighs the benefits, therefore, we will not have an actuarial valuation performed.

Inventory Control Clerk.

Material Weakness

2019-002.	<u>The Inventory Control Clerk did not record capital asset additions and deletions.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls over capital assets should include proper recording of additions and deletions.
Condition	The Inventory Control Clerk did not record additions and deletions to capital asset records.
Cause	The Inventory Control Clerk did not follow the best practice guidelines as described in the Mississippi County Financial Accounting Manual.
Effect	Failure to record capital asset additions and deletions could result in the loss of capital assets and inaccurate financial statements.
Recommendation	To achieve the objectives of the systems and account for capital asset additions and deletions, the Inventory Control Clerk should follow the best practice guidelines as described in the Mississippi County Financial Accounting Manual.
Response	No response was provided for this finding.