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**ITAWAMBA COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SPECIAL REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**ITAWAMBA COUNTY  
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SEPTEMBER 30, 2019**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Itawamba County, Mississippi

**Report on the Financial Statements**

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

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

## **Adverse Opinion**

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

## **Basis for Qualified Opinion on Governmental Activities and the General Fund**

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Justice Court and the aging of these fines receivable. Due to the nature of the County’s records, we were unable to satisfy ourselves as to the fair presentation of Justice Court fines receivable, net, reported on the Statement of Net Position as of September 30, 2019. Also, because of the nature of the Justice Court fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions in the General Fund, which affects the accuracy of assets and deferred inflows of resources on the Governmental Funds Balance Sheet.

## **Qualified Opinion**

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

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, Nursing Home Fund, Countywide Road Maintenance Fund, 2018 Senate Bill 2002 Railroad Fund, Solid Waste Fund, and the aggregate remaining fund information of Itawamba County, Mississippi, as of September 30, 2019, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of Itawamba 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 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 Itawamba County'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 Itawamba County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

J. E. Vance & Company, P.A.  
June 18, 2021

## **FINANCIAL STATEMENTS**



**Itawamba County**  
**Statement of Net Position**  
**September 30, 2019**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 10,810,252	172,406	10,982,658
Property tax receivable	5,582,954		5,582,954
Accounts receivable (net of allowance for uncollectibles of \$427,091)		110,476	110,476
Fines receivable (net of allowance for uncollectibles of \$1,313,985)	419,173		419,173
Intergovernmental receivables	387,175	8,804	395,979
Other receivables	69,131	64,337	133,468
Internal balances	154,939	(154,939)	
Capital assets:			
Land and construction in progress	7,466,870		7,466,870
Other capital assets, net	19,465,251	1,059,524	20,524,775
<b>Total Assets</b>	<b>44,355,745</b>	<b>1,260,608</b>	<b>45,616,353</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	66,800		66,800
Deferred outflows related to pensions	791,716	87,968	879,684
<b>Total Deferred Outflows of Resources</b>	<b>858,516</b>	<b>87,968</b>	<b>946,484</b>
<b>LIABILITIES</b>			
Claims payable	473,085	48,144	521,229
Intergovernmental payables	280,264		280,264
Accrued interest payable	28,519	1,468	29,987
Unearned revenue	3,739,560	106,736	3,846,296
Amounts held in custody for others	34,818		34,818
Long-term liabilities:			
Net Pension Liability	9,314,264	1,034,917	10,349,181
Due within one year:			
Capital debt	1,007,540	209,237	1,216,777
Due in more than one year:			
Capital debt	3,129,799	668,243	3,798,042
Non-capital debt	207,317	31,061	238,378
<b>Total Liabilities</b>	<b>18,215,166</b>	<b>2,099,806</b>	<b>20,314,972</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	111,928	12,436	124,364
Property tax for future reporting period	5,582,954		5,582,954
<b>Total Deferred Inflows of Resources</b>	<b>5,694,882</b>	<b>12,436</b>	<b>5,707,318</b>
<b>NET POSITION</b>			
Net investment in capital assets	22,861,582	182,044	23,043,626
Restricted:			
Expendable:			
General government	37,202		37,202
Public safety	1,054,885		1,054,885
Public works	1,093,326		1,093,326
Health and welfare	2,675,006		2,675,006
Economic development	396,737		396,737
Debt service	658,872		658,872
Unrestricted	(7,473,397)	(945,710)	(8,419,107)
<b>Total Net Position</b>	<b>\$ 21,304,213</b>	<b>(763,666)</b>	<b>20,540,547</b>

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

**Itawamba 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 Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,803,033	490,878	27,235		(2,284,920)		(2,284,920)
Public safety	3,057,180	396,307	190,057	6,434	(2,464,382)		(2,464,382)
Public works	3,963,746		1,067,792	80,365	(2,815,589)		(2,815,589)
Health and welfare	166,390		39,264		(127,126)		(127,126)
Culture and recreation	99,500				(99,500)		(99,500)
Education	10,000				(10,000)		(10,000)
Conservation of natural resources	120,515		3,750		(116,765)		(116,765)
Economic development and assistance	515,705		35,793		(479,912)		(479,912)
Interest on long-term debt	139,300				(139,300)		(139,300)
Pension expense	1,206,345				(1,206,345)		(1,206,345)
Total Governmental Activities	<u>12,081,714</u>	<u>887,185</u>	<u>1,363,891</u>	<u>86,799</u>	<u>(9,743,839)</u>		<u>(9,743,839)</u>
Business-type activities:							
Solid Waste	<u>1,856,763</u>	<u>1,313,044</u>	<u>21,441</u>			<u>(522,278)</u>	<u>(522,278)</u>
Total Primary Government	<u>\$ 13,938,477</u>	<u>2,200,229</u>	<u>1,385,332</u>	<u>86,799</u>	<u>(9,743,839)</u>	<u>(522,278)</u>	<u>(10,266,117)</u>
General revenues:							
Property taxes					\$ 7,446,487		7,446,487
Road & bridge privilege taxes					301,373		301,373
Grants and contributions not restricted to specific programs					618,710		618,710
Unrestricted interest income					38,256	433	38,689
Miscellaneous					<u>1,006,957</u>	<u>620</u>	<u>1,007,577</u>
Total General Revenues					9,411,783	1,053	9,412,836
Changes in Net Position					(332,056)	(521,225)	(853,281)
Net Position - Beginning					<u>21,636,269</u>	<u>(242,441)</u>	<u>21,393,828</u>
Net Position - Ending					<u>\$ 21,304,213</u>	<u>(763,666)</u>	<u>20,540,547</u>

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

**Itawamba County**  
**Balance Sheet - Governmental Funds**  
**September 30, 2019**

**Exhibit 3**

	Major Funds				Other	Total
	General	Nursing Home	County wide Road	2018 Senate Bill	Governmental	Governmental
	Fund	Fund	Maintenance	2002 Railroad	Funds	Funds
<b>ASSETS</b>						
Cash	\$ 1,457,048	2,162,236	790,514	1,500,000	4,900,454	10,810,252
Property tax receivable	3,481,264		931,000		1,170,690	5,582,954
Fines receivable (net of allowance for uncollectibles of \$1,313,985)	419,173					419,173
Intergovernmental receivables	160,812		67,331		443	228,586
Other receivables	24,940				44,191	69,131
Due from other funds	28,848	317,092	50,613		32,033	428,586
Advances to other funds	171,808	96,000				267,808
Total Assets	\$ 5,743,893	2,575,328	1,839,458	1,500,000	6,147,811	17,806,490
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Claims payable	\$ 136,854		146,672		189,559	473,085
Intergovernmental payables	280,264					280,264
Due to other funds	128,363				317,092	445,455
Advances from other funds					96,000	96,000
Unearned revenue - capital projects				1,500,000	2,239,560	3,739,560
Amounts held in custody of others	34,818					34,818
Total Liabilities	580,299	-0-	146,672	1,500,000	2,842,211	5,069,182
Deferred inflows of resources:						
Unavailable revenue - property taxes	3,481,264		931,000		1,170,690	5,582,954
Unavailable revenue - fines	419,173					419,173
Total Deferred Inflows of Resources	3,900,437	-0-	931,000	-0-	1,170,690	6,002,127
Fund balances:						
Nonspendable:						
Advances	171,808					171,808
Restricted for:						
General government					37,202	37,202
Public safety					1,054,885	1,054,885
Public works			761,786		331,540	1,093,326
Health and welfare		2,575,328			99,678	2,675,006
Economic development and assistance					396,737	396,737
Debt service					687,391	687,391
Unassigned	1,091,349				(472,523)	618,826
Total Fund Balances	1,263,157	2,575,328	761,786	-0-	2,134,910	6,735,181
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,743,893	2,575,328	1,839,458	1,500,000	6,147,811	17,806,490

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

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

**Exhibit 3-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,735,181
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 \$18,500,527.	26,932,121
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	419,173
Intergovernmental receivables	158,589
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,344,656)
Deferred amount on refunding is not a financial resource and, therefore, is not reported in the funds.	66,800
Net Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(9,314,264)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(28,519)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	791,716
Deferred inflows of resources related to pensions	<u>(111,928)</u>
Total Net Position - Governmental Activities	\$ <u><u>21,304,213</u></u>

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

**Itawamba County**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2019**

**Exhibit 4**

	Major Funds				Other	Total
	General	Nursing Home	Countywide Road	2018 Senate Bill	Governmental	Governmental
	Fund	Fund	Maintenance	2002 Railroad	Funds	Funds
			Fund	Fund		
<b>REVENUES</b>						
Property taxes	\$ 4,681,177		1,240,895		1,524,415	7,446,487
Road and bridge privilege taxes			301,373			301,373
Licenses, commissions and other revenue	255,089				5,958	261,047
Fines and forfeitures	264,893				18,759	283,652
Intergovernmental revenues	604,842		856,035		626,166	2,087,043
Charges for services	63,822				293,716	357,538
Interest income	30,266	2,612	1,367		4,011	38,256
Miscellaneous revenues	39,160	291,450	14,452		610,119	955,181
Total Revenues	5,939,249	294,062	2,414,122	-0-	3,083,144	11,730,577
<b>EXPENDITURES</b>						
Current:						
General government	3,084,579				3,959	3,088,538
Public safety	2,566,137				850,682	3,416,819
Public works			2,578,777		1,141,754	3,720,531
Health and welfare	126,348	19,000				145,348
Culture and recreation	99,500					99,500
Education		10,000				10,000
Conservation of natural resources	120,515					120,515
Economic development and assistance	149,532				201,850	351,382
Debt service:						
Principal	82,050		182,863		1,252,594	1,517,507
Interest	5,381		9,033		113,106	127,520
Total Expenditures	6,234,042	29,000	2,770,673	-0-	3,563,945	12,597,660
Excess of Revenues over (under) Expenditures	(294,793)	265,062	(356,551)	-0-	(480,801)	(867,083)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term capital debt issued	78,107		111,702		90,000	279,809
Proceeds from sale of capital assets			13,950			13,950
Transfers in		175,000			228,347	403,347
Transfers out	(121,000)		(3,624)		(278,723)	(403,347)
Total Other Financing Sources and Uses	(42,893)	175,000	122,028	-0-	39,624	293,759
<b>Net Changes in Fund Balances</b>	(337,686)	440,062	(234,523)	-0-	(441,177)	(573,324)
<b>Fund Balances - Beginning</b>	1,600,843	2,135,266	996,309	-0-	2,576,087	7,308,505
<b>Fund Balances - Ending</b>	\$ 1,263,157	2,575,328	761,786	-0-	2,134,910	6,735,181

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

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

**Exhibit 4-1**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (573,324)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,165,312 exceeded capital outlays of \$937,003, including donated assets of \$42,205, in the current period.	(228,309)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$59,777 and the proceeds from the sale of \$13,950 in the current period.	(73,727)
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.	(15,052)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in long-term receivables:	
Intergovernmental revenues	(17,642)
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 a combination of the following items:	
Proceeds of capital debt issued	(279,809)
Debt repayments	1,517,507
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(13,711)
Decrease in accrued interest payable	4,919
Amortization of deferred amount on refunding	(16,700)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,206,345)
Recording of contributions made to defined benefit pension plan	<u>570,137</u>
Change in Net Position of Governmental Activities	\$ <u><u>(332,056)</u></u>

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

**Itawamba County**  
**Statement of Net Position - Proprietary Fund**  
**September 30, 2019**

**Exhibit 5**

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 172,406
Accounts receivable (net of allowance for uncollectibles of \$427,091)	110,476
Intergovernmental receivables	8,804
Other receivables	64,337
Due from other funds	45,717
Total Current Assets	<u>401,740</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>1,059,524</u>
Total Noncurrent Assets	<u>1,059,524</u>
Total Assets	<u>1,461,264</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>87,968</u>
Total Deferred Outflows of Resources	<u>87,968</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	48,144
Due to other funds	28,848
Advances from other funds	171,808
Accrued interest payable	1,468
Unearned revenue	106,736
Capital debt:	
Capital leases payable	<u>209,237</u>
Total Current Liabilities	<u>566,241</u>
Noncurrent Liabilities:	
Net Pension Liability	1,034,917
Capital debt:	
Capital leases payable	668,243
Non-capital debt:	
Compensated absences payable	<u>31,061</u>
Total Noncurrent Liabilities	<u>1,734,221</u>
Total Liabilities	<u>2,300,462</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>12,436</u>
Total Deferred Inflows of Resources	<u>12,436</u>
<b>NET POSITION</b>	
Net investment in capital assets	182,044
Unrestricted	<u>(945,710)</u>
Total Net Position	<u>\$ (763,666)</u>

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

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

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 1,313,044
Operating grants	21,441
Other operating revenues	620
Total Operating Revenues	<u>1,335,105</u>
Operating Expenses	
Personal services	512,378
Pension expense	130,614
Contractual services	423,481
Materials and supplies	165,140
Materials and supplies - mass garbage cart purchase	438,312
Depreciation expense	153,042
Indirect administrative cost	28,848
Total Operating Expenses	<u>1,851,815</u>
Operating Income (Loss)	<u>(516,710)</u>
Nonoperating Revenues (Expenses)	
Interest income	433
Interest expense	(4,948)
Net Nonoperating Revenue (Expenses)	<u>(4,515)</u>
Change in Net Position	<u>(521,225)</u>
Net Position - Beginning	<u>(242,441)</u>
Net Position - Ending	<u>\$ (763,666)</u>

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



**Itawamba County**  
**Statement of Cash Flows - Proprietary Fund**  
**For the Year Ended September 30, 2019**

**Exhibit 7**

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,321,006
Receipts from other governments	12,637
Payments to suppliers	(1,040,924)
Payments to employees	(565,195)
Other operating cash receipts	749
Net Cash Provided (Used) by Operating Activities	<u>(271,727)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	784,797
Principal paid on long-term debt	(71,452)
Interest paid on long-term debt	(3,708)
Acquisition of capital assets	(784,797)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(75,160)</u>
Cash Flows From Investing Activities	
Interest on deposits	433
Net Cash Provided (Used) by Investing Activities	<u>433</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(346,454)
Cash and Cash Equivalents at Beginning of Year	518,860
Cash and Cash Equivalents at End of Year	<u>\$ 172,406</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (516,710)
Adjustments to reconcile operating income (loss) to net cash	
provided (used) by operating activities:	
Depreciation expense	153,042
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	10,487
(Increase) decrease in intergovernmental receivables	(8,804)
(Increase) decrease in other receivables	(4,636)
(Increase) decrease in interfund receivables	(8,015)
(Increase) decrease in deferred outflows of resources	(19,228)
Increase (decrease) in claims payable	(14,291)
Increase (decrease) in unearned revenue	10,254
Increase (decrease) in net pension liability	100,510
Increase (decrease) in compensated absences liability	7,410
Increase (decrease) in deferred inflows of resources	(10,594)
Increase (decrease) in interfund payables	28,848
Total Adjustments	<u>244,983</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (271,727)</u>

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

**Itawamba County**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2019**

**Exhibit 8**

	Agency Funds
ASSETS	
Cash and investments	\$ 73,583
Total Assets	\$ 73,583
LIABILITIES	
Amounts held in custody for others	\$ 1,944
Other liabilities	12,222
Intergovernmental payables	59,417
Total Liabilities	\$ 73,583

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

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(1) Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

- Banner/Bounds Fire District
- Cardsville Fire District
- Dorsey-Friendship Fire District
- Evergreen-Carolina Fire District
- Greater Fulton Fire District
- Houston Fire District
- Liberty Grove Fire District
- Mantachie Fire District
- Northeast Itawamba Fire District
- Ryan's Well Fire District
- Tilden-New Salem Fire District
- Tremont Fire District

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
- Tax Collector
- Sheriff

**B. Individual Component Unit Disclosures**

Blended Component Units

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

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**B. Individual Component Unit Disclosures (Continued)**

The Itawamba County Port Commission was created by a special act of the Mississippi Legislature in 1973, of the purpose of overseeing the operations of the Port. A five-member board of commissioners is appointed by the Itawamba County Board of Supervisors.

The Itawamba County Economic Development District is comprised solely of the five members of the Board of Supervisors. Although it is legally separate from the County, the corporation is reported as if it were part of the primary government.

The Itawamba County Railroad Authority is comprised solely of the five members of the Board of Supervisors. Although it is legally separate from the County, the Authority is reported as if it were part of the primary government.

**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 and fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

**Fund Financial Statements**

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

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

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

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

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

The County reports the following major governmental funds:

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

Nursing Home Fund – This fund is used to account for the activity of the Nursing Home.

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

2018 Senate Bill 2002 Railroad Fund – This capital projects fund is used to account for railroad infrastructure improvements pursuant to funds received from the Mississippi legislature for this specific purpose.

The County reports the following major Proprietary Fund:

Solid Waste Fund – This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

**Governmental Fund Types**

Special Revenue Funds – These funds are used to account for 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 expenditure for principal and interest.

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

**Proprietary Fund Type**

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

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

**G. Receivables**

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

**H. Interfund Transactions and Balances**

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

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**I. Prepaid Items**

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

**J. Capital Assets**

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Itawamba County elected to report general infrastructure assets acquired after September 30, 1980, on the government wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

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

The following schedule details those thresholds and estimated useful lives:

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

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

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Notes 9 and 12 for additional details.

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

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

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

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 Notes 9 and 12 for additional details.

**L. Pensions**

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

**M. Long-Term Liabilities**

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, the face amount of the debt issued is reported as other financing sources.



**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**N. 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 improvements of those assets.

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

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**N. Equity Classifications (continued)**

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (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 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.

**O. Property Tax Revenues**

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

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

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

**P. 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.

**Q. 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 and the Proprietary Fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**R. 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.

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(2) Deposits**

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$11,056,241 (including deposits of \$73,583 in fiduciary accounts), and the bank balance was \$11,476,251. 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 a 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. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above the 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.

**(3) Interfund Transactions and Balances**

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 28,848
Nursing Home Fund	Other Governmental Funds	317,092
Countywide Road	General Fund	50,613
Other Governmental Funds	General Fund	32,033
Solid Waste Fund	General Fund	45,717
Total		<u>\$ 474,303</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2019. The payable from the Solid Waste Fund represents the indirect cost for the September 30, 2019 fiscal year, which is expected to be repaid within one year. The payable from the Other Governmental Funds largely reflects a loan agreement entered between the Port Fund and the Nursing Home Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 171,808
Nursing Home Fund	Other Governmental Funds	96,000
Total		<u>\$ 267,808</u>

The advance to the Solid Waste Fund represents the indirect cost for the 2009 through 2018 fiscal year, which is not expected to be repaid within one year. The advance to other governmental funds represents a loan to cover costs of another fund, which is not expected to be repaid within one year.

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(3) Interfund Transactions and Balances (Continued)**

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
<i>Governmental Funds:</i>		
Nursing Home Fund	Other Governmental Funds	\$ 175,000
Other Governmental Funds	General Fund	121,000
Other Governmental Funds	Countywide Road Maintenance Fund	3,624
Other Governmental Funds	Other Governmental Funds	103,723
Total Governmental Funds		\$ 403,347

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

**(4) Intergovernmental Receivables**

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

Description	Amount
<i>Governmental Funds:</i>	
<i>General Fund</i>	
Legislative tag credit	\$ 149,345
MDHS welfare/food stamp reimbursement	3,229
Beaver program	3,750
Other	4,488
	160,812
<i>County-Wide Road Maintenance Fund</i>	
Motor vehicle fuel tax	46,355
Motor vehicle licenses	19,580
Harvest permits and overweight fines	1,396
	67,331
<i>Other Governmental Funds</i>	
Motor vehicle licenses	443
	443
Total Governmental Funds	228,586
Harvest permits and overweight fines	16,835
Federal/State payments in lieu of tax	141,754
Total Long-Term Receivables	158,589
Total Governmental Activities	\$ 387,175
<i>Business-type Activities:</i>	
<i>Solid Waste Fund</i>	
MDEQ solid waste enforcement program	\$ 8,804
Total Business-type Activities / Solid Waste Fund	\$ 8,804

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(5) Capital Assets**

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

	Balance Oct. 1, 2018	Additions	Deletions	Completed Construction	Adjustments	Balance Sept. 30, 2019
<b>Governmental Activities:</b>						
<u>Non-depreciable capital assets</u>						
Land	\$ 7,231,977	134,263				\$ 7,366,240
Construction in progress	357,963	80,365		(337,698)		100,630
Total non-depreciable capital assets	<u>7,589,940</u>	<u>214,628</u>	<u>-0-</u>	<u>(337,698)</u>	<u>-0-</u>	<u>7,466,870</u>
<u>Depreciable capital assets</u>						
Infrastructure	11,166,263	137,400		337,698		11,641,361
Buildings	5,419,986		(147,982)			5,272,004
Improvements other than buildings	9,350,642					9,350,642
Mobile equipment	8,038,281	132,635	(63,241)		296,724	8,404,399
Furniture and equipment	1,997,619	33,165	(12,400)		(27,260)	1,991,124
Leased property under capital leases	1,156,537	419,175			(269,464)	1,306,248
Total depreciable assets	<u>37,129,328</u>	<u>722,375</u>	<u>(223,623)</u>	<u>337,698</u>	<u>-0-</u>	<u>37,965,778</u>
<u>Less accumulated depreciation for:</u>						
Infrastructure	2,234,548	256,465				2,491,013
Buildings	2,726,154	108,399	(80,703)			2,753,850
Improvements other than buildings	4,004,433	374,025				4,378,458
Mobile equipment	6,521,715	239,063	(56,917)		134,343	6,838,204
Furniture and equipment	1,639,346	42,605	(12,276)		(13,085)	1,656,590
Leased property under capital leases	358,915	144,755			(121,258)	382,412
Total accumulated depreciation	<u>17,485,111</u>	<u>1,165,312</u>	<u>(149,896)</u>	<u>-0-</u>	<u>-0-</u>	<u>18,500,527</u>
Total depreciable capital assets, net	<u>19,644,217</u>	<u>(442,937)</u>	<u>(73,727)</u>	<u>337,698</u>	<u>-0-</u>	<u>19,465,251</u>
Governmental activities capital assets, net	<u>\$ 27,234,157</u>	<u>(228,309)</u>	<u>(73,727)</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 26,932,121</u>
<b>Business-type Activities:</b>						
<u>Depreciable capital assets</u>						
Mobile equipment	\$ 601,914					\$ 601,914
Leased property under capital leases	291,298	784,797				1,076,095
Total depreciable assets	<u>893,212</u>	<u>784,797</u>	<u>-0-</u>	<u>-0-</u>		<u>1,678,009</u>
<u>Less accumulated depreciation for:</u>						
Mobile equipment	365,553	44,330				409,883
Leased property under capital leases	99,890	108,712				208,602
Total accumulated depreciation	<u>465,443</u>	<u>153,042</u>	<u>-0-</u>	<u>-0-</u>		<u>618,485</u>
Total depreciable capital assets, net	<u>427,769</u>	<u>631,755</u>	<u>-0-</u>	<u>-0-</u>		<u>1,059,524</u>
Business-type activities capital assets, net	<u>\$ 427,769</u>	<u>631,755</u>	<u>-0-</u>	<u>-0-</u>		<u>\$ 1,059,524</u>

Adjustments were made to reclassify assets no longer under capital lease obligation and to reflect a more consistent approach to the type of certain classes of equipment.

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(5) Capital Assets (Continued)**

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 83,300
Public safety	126,348
Public works	763,399
Health and welfare	27,942
Economic Development	<u>164,323</u>
Total Governmental Activities	\$ <u>1,165,312</u>
Business-type activities:	
Solid Waste	\$ <u>153,042</u>
Total Business-type Activities	\$ <u>153,042</u>

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
State-Aid Project STP/BR-0029(33)BO	\$ 1,253,469	September-21
ERBR STPBR 0029 32 BO - Scott Senter	622,143	Unknown
ERBR LSBP 29 34 - Mount Pleasant	<u>867,418</u>	Unknown
Total Governmental Activities	\$ <u>2,743,030</u>	

**(6) Claims and Judgments**

**Risk Financing**

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by 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.

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(7) Operating Leases**

**As Lessor:**

The County receives income from property it leases under noncancelable operating leases. Total income from such leases was \$591,034 for the year ended September 30, 2019.

On October 23, 2001, the Itawamba County Port Commission (blended component unit of Itawamba County) entered into an operating lease with Monotech of Mississippi – Fulton (PSP Industries) for the lease of certain real property to be used for a steel fabrication plant. The operating lease stipulated that the lessee would pay approximately \$6,500 per month in lease payments commencing November 1, 2001 and continuing for a fifteen-year period ending November 1, 2016. The lessee has an option to renew the lease for four fifteen-year terms and has elected to renew the first fifteen-year term beginning November 1, 2016 and ending November 1, 2031. Lease payments are adjusted every five years according to the consumer price index, not to exceed ten percent of the then existing base rent. As of September 30, 2019, current monthly lease payments are \$8,651 per month.

On August 1, 2010, Itawamba County entered into an operating lease with Community Living Centers, LLC for the lease of certain property to be used for a nursing home for the purpose of safeguarding community health interest and enhance and promote the public health and general welfare of its citizens. The operating lease stipulated that the lessee would pay approximately \$21,630 per month in lease payments commencing August 20, 2010. The term of the primary sublease began on the closing date, August 1, 2010, and ended August 1, 2015. Community Living Centers has an option to renew the lease for two five-year terms and has elected to renew the first five-year term beginning August 1, 2015 and ending August 1, 2020. The base rental payment has increased to \$22,712 for the first five-year extension and will increase further to \$23,848 per month for the second five-year extension if the renewal option is taken.

On November 3, 2015, Itawamba County entered into an operating agreement with Seacor, LLC for the lease of the Itawamba County Port. The operating lease stipulated that the lessee would pay \$165,000 in lease payments for the first year and \$336,000 for each year thereafter. The lease was thereafter amended a total of five times through January 1, 2017. The current amended operating agreement stipulates that the lessee will pay \$15,000 per month in lease payments commencing January 1, 2017 and continuing for a thirty-six-month period ending December 31, 2019.

On August 1, 2018, Itawamba County entered into an operating agreement with Wood's Trailers and Repair, LLC for the lease of the Itawamba County Railway Authority assets. The operating lease stipulated that the lessee would pay \$1,500 per month in lease payments commencing September 1, 2018 and continuing for a twenty-month period ending April 1, 2020.

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(7) Operating Leases (Continued)**

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

Year Ending September 30,	PSP Industries	Community Living Centers	Seacor	Wood's Trailers and Repair	Total
2020	\$ 78,000	227,120	45,000	10,500	360,620
2021	78,000				78,000
2022	78,000				78,000
2023	78,000				78,000
2024	78,000				78,000
2025-2029	390,000				390,000
2030-2032	162,500				162,500
Total	\$ 942,500	227,120	45,000	10,500	1,225,120

**(8) 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	Amount
<i>Governmental Activities:</i>	
Mobile equipment	\$ 1,306,248
Less: Accumulated depreciation	(382,412)
Leased Property Under Capital Leases, Net	\$ 923,836
<i>Business-type Activities:</i>	
Mobile equipment	\$ 1,076,095
Less: Accumulated depreciation	(208,602)
Leased Property Under Capital Leases, Net	\$ 867,493

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 231,895	14,658	209,237	18,727
2021	204,656	8,937	190,967	13,979
2022	130,413	4,293	165,418	9,689
2023	72,705	1,067	160,898	5,797
2024	2,025	6	150,960	1,843
Total	\$ 641,694	28,961	877,480	50,035



**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(9) Defined Benefit Pension Plan**

**Primary Government**

Plan Description. Itawamba 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. This rate was an increase as of July 1, 2019, from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$630,064, \$572,298, and \$541,494, respectively, equal to the required contributions for each year.

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(9) Defined Benefit Pension Plan (Continued)**

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

At September 30, 2019, the County reported a liability of \$10,349,181 (\$9,314,264 for governmental activities and \$1,034,917 for business-type activities) 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 0.058829 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.002651 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.

Internally, the County allocates its proportionate share of the net pension liability to governmental activities and business-type activities. As of September 30, 2019, the internal proportionate share allocated to governmental activities and business-type activities was 90% and 10%, respectively, which was equal to the allocation percentages determined as of September 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$1,206,345 for governmental activities and \$130,614 for business-type activities. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 5,510	612	6,122
Changes of assumptions	91,318	10,146	101,464
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	539,302	59,923	599,225
County contributions subsequent to the measurement date	155,586	17,287	172,873
<b>Total Deferred Outflows of Resources</b>	<b>\$ 791,716</b>	<b>87,968</b>	<b>879,684</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 10,026	1,114	11,140
Net difference between projected and actual earnings on pension plan investments	101,902	11,322	113,224
<b>Total Deferred Inflows of Resources</b>	<b>\$ 111,928</b>	<b>12,436</b>	<b>124,364</b>

\$172,873 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 ending 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:

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(9) Defined Benefit Pension Plan (Continued)**

Year ending September 30:	Governmental Activities	Business-type Activities	Total
2020	\$ 297,314	33,035	330,349
2021	74,893	8,321	83,214
2022	109,471	12,164	121,635
2023	42,524	4,725	47,249
	<u>\$ 524,202</u>	<u>58,245</u>	<u>582,447</u>

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

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

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

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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

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

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(9) Defined Benefit Pension Plan (Continued)**

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 Equivalents	1.00	0.25
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 13,604,358	10,349,181	7,662,326

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

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(10) Long-term Debt**

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

Description and Purpose	Amount Outstanding	Interest Rates	Maturity Date
Governmental Activities:			
General Obligation Bonds:			
2013 General Obligation Refunding Bonds	\$ 805,000	1.25-3.00%	Apr-22
2014 General Obligation Bonds	<u>2,685,000</u>	1.10-2.25%	Apr-24
Total General Obligation Bonds	<u>3,490,000</u>		
Capital Leases:			
Two 2015 Ford F-150s	7,453	2.14%	May-20
Two Police Interceptors	14,543	1.76%	Nov-20
Houston District Fire Truck	28,765	1.71%	Jun-21
Two JD Tractors	58,074	2.11%	Nov-21
2017 Mack Dump Truck	8,245	1.85%	Dec-19
Volvo Dump Truck	1,002	1.97%	Oct-19
2017 Sheriff Ford F-150	18,629	1.76%	Oct-21
Two Dodge Chargers	14,834	2.21%	Jul-21
Three Sheriff Dodge Chargers	20,473	2.21%	Sep-21
Two Sheriff Dodge Chargers	20,755	2.81%	Feb-22
Ford F-550 Truck	35,152	2.21%	Dec-22
Excavator	33,933	2.90%	May-22
Chevy Tahoe	13,369	2.15%	Oct-21
MS Win Radios	125,455	3.07%	May-23
Ford F-150 Truck	31,519	3.17%	Sep-22
Road Department Tractor	92,653	3.49%	Oct-23
Ford F-150 Truck	28,735	3.38%	Oct-22
Banner Fire Truck	<u>88,105</u>	2.39%	Aug-23
Total Capital Leases	<u>641,694</u>		
Other Loans:			
Pord Development (Project 2)	<u>5,645</u>	0.25%	Oct-19
Total Governmental Activities	<u>\$ 4,137,339</u>		
Business-type Activities:			
Capital Leases:			
Garbage Truck	\$ 31,854	1.83%	Nov-20
Two Garbage Trucks	73,935	2.01%	Dec-21
Three Autocar Garbage Trucks	<u>771,691</u>	2.40%	Aug-24
Total Business-type Activities	<u>\$ 877,480</u>		

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

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 770,000	74,075	5,645	15
2021	785,000	59,244	-0-	-0-
2022	810,000	42,856	-0-	-0-
2023	555,000	23,906	-0-	-0-
2024	<u>570,000</u>	<u>12,113</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 3,490,000</u>	<u>212,194</u>	<u>5,645</u>	<u>15</u>

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(10) Long-term Debt (Continued)**

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 2.23% of the latest property assessments.

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

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sep. 30, 2019	Amount due within one year
<i>Governmental Activities:</i>						
Compensated absences	\$ 193,606			13,711	207,317	
General obligation bonds	4,625,000		1,135,000		3,490,000	770,000
Capital leases	676,570	279,809	314,685		641,694	231,895
Other loans	73,467		67,822		5,645	5,645
Totals	<u>\$ 5,568,643</u>	<u>279,809</u>	<u>1,517,507</u>	<u>13,711</u>	<u>4,344,656</u>	<u>1,007,540</u>
<i>Business-type Activities:</i>						
Compensated absences	\$ 23,651			7,410	31,061	
Capital leases	164,135	784,797	71,452		877,480	209,237
Totals	<u>\$ 187,786</u>	<u>784,797</u>	<u>71,452</u>	<u>7,410</u>	<u>908,541</u>	<u>209,237</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, E-911 Fund, Port Fund, Homeland Security Fund, D.A.R.E Fund, Countywide Road Maintenance Fund, and the Solid Waste Fund.

**(11) Contingencies**

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

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

Solid Waste Revenue Refunding Bonds

In December of 2017, solid waste revenue refunding bonds were issued by the Three Rivers Solid Waste Management Authority for \$3,830,000. As part of a solid waste disposal service agreement between Itawamba County and Three Rivers Solid Waste Management Authority, the County has agreed to pay its pro rata share of any obligations of the Authority that are not covered by fees generated from solid waste disposal services. The County's pro rata share (6.71%) of the \$3,670,000 refunding bonds balance at September 30, 2019, is \$246,257.

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(12) Effect of Deferred Amounts on Net Position**

**Governmental Activities**

The governmental activities' unrestricted net position amount of (\$7,473,397) 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 \$155,586 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 \$636,130 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$111,928 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 3 years.

The governmental activities' net investment in capital assets amount of \$22,861,582 includes the effect of deferring the recognition of expenditures resulting from a refunding of County debt. The \$66,800 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets over the next 4 years.

**Business-type Activities**

The business-type activities' unrestricted net position amount of (\$945,710) 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 \$17,287 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 \$70,681 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$12,436 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 3 years.

**(13) Jointly Governed Organizations**

The County participates in the following jointly governed organizations:

Three Rivers Solid Waste Management Authority operates in a district composed of the counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union and the cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. The Itawamba County Board of Supervisors appoints one of the seven members of the board of directors. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste deposited. The County did not appropriate any funds for the support of the authority in fiscal year 2019.

Three Rivers Planning and Development District operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Itawamba County Board of Supervisors appoints two of the forty members of the board of directors. The County appropriated \$123,635 (including \$10,000 for economic development and \$10,000 for the tuition program) for the support of the district in fiscal year 2019.

Itawamba Community College operates in a district composed of the Counties of Chickasaw, Itawamba, Lee, Monroe and Pontotoc. The Itawamba County Board of Supervisors appoints six of the thirty members of the College Board of Trustees. The County appropriated \$1,114,970 for the maintenance and support of the College in fiscal year 2019.

Northeast Mental Health-Mental Retardation Commission operates in a district composed of the counties of Benton, Itawamba, Lee, Chickasaw, Pontotoc, Monroe and Union. The Itawamba County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$16,878 for support of the commission in fiscal year 2019.

Lift, Inc. operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Itawamba County Board of Supervisors appoints one of the twenty-four members of the board of directors. The County appropriated \$5,635 in fiscal year 2019 to the organization.

**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(13) Jointly Governed Organizations (Continued)**

Northeast Mississippi Emergency Medical Services serves the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Marshall, Pontotoc, Tishomingo and Union. The Itawamba County Board of Supervisors appoints four of the thirty-six members of the board of directors. The County appropriated \$17,317 for support of the district in fiscal year 2019.

**(14) Deficit Fund Balance**

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

<u>Fund</u>	<u>Deficit</u>
Townhouse Building Fund	\$ (96,000)
Port Fund	(216,992)
Homeland Security Fund	(153)
Jail Construction Fund	(159,378)
	<u>\$ (472,523)</u>

**(15) Tax Abatements**

There are currently a number of agencies with economic development directives and targeted industries in Itawamba County, Mississippi. These efforts to bring businesses and industries into Itawamba County afford the County the opportunity to develop these partnerships that help raise the prominence of the region and attract prospective projects. Due to the pro-business attitude and wise infrastructure planning of the local elected officials as well as the ability to offer various incentives to entice businesses and industries to locate in Itawamba County, the County operates strongly with a well diverse base of manufacturers and distributors.

**Facts and Assumptions**

Itawamba County provides tax incentives and abatements under four programs: Property tax reductions not to exceed ten years for new enterprises, property tax reductions not to exceed ten years for additions to or expansions of facilities or properties, fee in lieu of personal and real property taxes and tax increment financing. Various Mississippi Code sections allow the County to offer the before mentioned incentives. In order to qualify for any incentive there is an application process, presentation to the Board of Supervisors and ultimately a recommendation by the Board of Supervisors to grant the incentive.

- Mississippi Code Section 27-31-101, allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than ten years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.



**ITAWAMBA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(15) Tax Abatements (Continued)**

- Mississippi Code Section 27-31-105, allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation with the exception of school district taxes and not to exceed a period longer than ten years. The initial request for exemption must be made in writing by June 1<sup>st</sup> of the year immediately following the year in which the additions, expansions or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions or replacements and shall extend for a period not to exceed ten years, however the Board of Supervisors in lieu of granting the exemption for one period of ten years, may grant the exemption in consecutive periods of five years each, not to exceed ten years.
- Mississippi Code Section 27-31-104, allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.
- Mississippi Code Section 27-31-51 allows County Board of Supervisors, at their discretion, to grant eligible warehouses a license to operate as a free port warehouse. A free port warehouse is regularly engaged in the handling and storage of personal property pending transit to a final destination outside the State of Mississippi. This exemption may be granted for all local property taxes and may be granted for any period of time set by the Board of Supervisors.

<u>Tax Abatement Programs</u>	<u>Number of Industries</u>	<u>Reported Property Investment</u>	<u>Amount of taxes abated during the fiscal year</u>
Real and Personal Property Tax Exemptions	33 Current Exemptions; 15 Industries	\$ 21,672,242	\$ 1,403,277
Free-port Warehouse Inventory Exemptions	4 Current Exemptions; 4 Industries	\$ 2,661,681	\$ 714,658

These incentives have served many purposes, including but not limited to: the amount of dollars through infrastructure improvements, the overall number of new businesses and industries that have located or relocated to Itawamba County, the number of jobs that have been and continue to be created in Itawamba County, and most importantly an excellent quality of life for all citizens throughout the County while maintaining a low tax bill without a significant tax increase.

**ITAWAMBA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**(16) Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Itawamba County evaluated the activity of the County through June 18, 2021, (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/01/19	4.00%	800,000	Other Loan	Ad valorem taxes
01/13/20	2.52%	21,530	Capital Lease	Ad valorem taxes
02/04/20	1.99%	117,901	Capital Lease	Ad valorem taxes
03/26/20	1.80%	39,545	Capital Lease	Ad valorem taxes
04/21/20	1.99%	87,500	Capital Lease	Ad valorem taxes
04/30/20	3.5-4.5%	10,785,000	Certificates of Participation	Ad valorem taxes
05/05/20	1.74%	122,000	Capital Lease	Ad valorem taxes
06/01/20	1.78%	22,518	Capital Lease	Ad valorem taxes
08/18/20	1.73%	122,355	Capital Lease	Ad valorem taxes
08/28/20	1.51%	90,000	Capital Lease	Ad valorem taxes
11/16/20	1.99%	17,747	Capital Lease	Ad valorem taxes
02/10/21	1.61%	136,000	Capital Lease	Ad valorem taxes
02/10/21	1.61%	71,800	Capital Lease	Ad valorem taxes
04/12/21	1.60%	46,515	Capital Lease	Ad valorem taxes
05/05/21	1.61%	116,920	Capital Lease	Ad valorem taxes

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Itawamba 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
<b>REVENUES</b>				
Property taxes	\$ 4,741,026	4,608,632	4,661,324	52,692
Licenses, commissions and other revenue	239,150	250,813	253,545	2,732
Fines and forfeitures	277,000	250,823	263,266	12,443
Intergovernmental revenues	660,000	543,920	603,499	59,579
Charges for services	25,000	56,045	56,045	-0-
Interest income	18,000	73,227	29,745	(43,482)
Miscellaneous revenues	109,500	202,161	40,171	(161,990)
Total Revenues	<u>6,069,676</u>	<u>5,985,621</u>	<u>5,907,595</u>	<u>(78,026)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,430,496	3,103,976	3,104,084	(108)
Public safety	1,852,286	2,600,983	2,601,100	(117)
Health and welfare	126,068	126,014	126,014	-0-
Culture and recreation	102,500	99,500	99,500	-0-
Conservation of natural resources	122,985	118,282	118,282	-0-
Economic development and assistance	151,295	151,295	151,295	-0-
Debt service:				
Principal	60,000	82,050	82,050	-0-
Interest	5,000	5,381	5,381	-0-
Total Expenditures	<u>5,850,630</u>	<u>6,287,481</u>	<u>6,287,706</u>	<u>(225)</u>
Excess of Revenues over (under) Expenditures	<u>219,046</u>	<u>(301,860)</u>	<u>(380,111)</u>	<u>(78,251)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term capital debt	-0-	-0-	78,107	78,107
Transfers out	<u>(20,000)</u>	<u>(121,100)</u>	<u>(121,000)</u>	<u>100</u>
Total Other Financing Sources and Uses	<u>(20,000)</u>	<u>(121,100)</u>	<u>(42,893)</u>	<u>78,207</u>
Net Change in Fund Balance	199,046	(422,960)	(423,004)	(44)
Fund Balances - Beginning	<u>1,767,584</u>	<u>1,795,672</u>	<u>1,474,255</u>	<u>(321,417)</u>
Fund Balances - Ending	<u>\$ 1,966,630</u>	<u>1,372,712</u>	<u>1,051,251</u>	<u>(321,461)</u>

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

**Itawamba County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**Nursing Home Fund**  
**For the Year Ended September 30, 2019**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Interest income	\$ 1,000	2,612	2,612	-0-
Miscellaneous revenues	303,432	291,450	291,450	-0-
Total Revenues	304,432	294,062	294,062	-0-
EXPENDITURES				
Current:				
Health and welfare	19,000	29,000	19,000	10,000
Education	-0-	-0-	10,000	(10,000)
Total Expenditures	19,000	29,000	29,000	-0-
Excess of Revenues over (under) Expenditures	285,432	265,062	265,062	-0-
OTHER FINANCING SOURCES (USES)				
Transfers in	-0-	175,000	175,000	-0-
Total Other Financing Sources and Uses	-0-	175,000	175,000	-0-
Net Change in Fund Balance	285,432	440,062	440,062	-0-
Fund Balances - Beginning	1,886,179	1,697,892	1,697,892	-0-
Fund Balances - Ending	\$ 2,171,611	2,137,954	2,137,954	-0-

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
<b>REVENUES</b>				
Property taxes	\$ 1,328,000	1,235,666	1,235,666	-0-
Road and bridge privilege taxes	290,000	435,077	299,090	(135,987)
Intergovernmental revenues	316,000	521,818	860,827	339,009
Interest income	500	1,367	1,367	-0-
Miscellaneous revenues	75,795	113,817	14,785	(99,032)
Total Revenues	<u>2,010,295</u>	<u>2,307,745</u>	<u>2,411,735</u>	<u>103,990</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,981,287	2,356,641	2,572,473	(215,832)
Debt service:				
Principal	130,000	182,863	182,863	-0-
Interest	10,000	9,033	9,033	-0-
Total Expenditures	<u>2,121,287</u>	<u>2,548,537</u>	<u>2,764,369</u>	<u>(215,832)</u>
Excess of Revenues over (under) Expenditures	<u>(110,992)</u>	<u>(240,792)</u>	<u>(352,634)</u>	<u>(111,842)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-0-	13,950	13,950	-0-
Proceeds from issuance of capital debt	-0-	-0-	111,702	111,702
Transfers out	-0-	(3,624)	(3,624)	-0-
Total Other Financing Sources and Uses	<u>-0-</u>	<u>10,326</u>	<u>122,028</u>	<u>111,702</u>
Net Change in Fund Balance	(110,992)	(230,466)	(230,606)	(140)
Fund Balances - Beginning	<u>841,574</u>	<u>1,027,388</u>	<u>1,023,534</u>	<u>(3,854)</u>
Fund Balances - Ending	<u>\$ 730,582</u>	<u>796,922</u>	<u>792,928</u>	<u>(3,994)</u>

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

**ITAWAMBA COUNTY**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS\***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.058829%	0.056178%	0.053182%	0.050891%	0.050654%	0.049893%
County's proportionate share of the net pension liability	\$ 10,349,181	9,344,069	8,840,653	9,090,403	7,830,110	6,056,097
County's covered payroll	\$ 3,896,304	3,633,612	3,438,029	3,294,000	3,261,784	3,137,060
County's proportionate share of the net pension liability as a percentage of its covered payroll	265.62%	257.16%	257.14%	275.97%	240.06%	193.05%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

**ITAWAMBA COUNTY**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS\***  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$	630,064	572,298	541,494	518,806	513,731	494,087
Contributions in relation to the contractually required contribution		(630,064)	(572,298)	(541,494)	(518,806)	(513,731)	(494,087)
Contribution deficiency (excess)	\$	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
County's covered payroll		3,896,304	3,633,612	3,438,029	3,294,000	3,261,784	3,137,060
Contributions as a percentage of covered payroll		16.17%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

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



**ITAWAMBA COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**UNAUDITED**

Budgetary Comparison Schedules

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

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

**B. Basis of Presentation**

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

**C. Budget/GAAP Reconciliation**

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

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

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

	Governmental Fund Types		
	General Fund	Nursing Home Fund	Countywide Road Maintenance Fund
Budget (Cash Basis)	\$ (423,004)	\$ 440,062	\$ (230,606)
Increase (Decrease)			
Net adjustments for:			
Revenue accruals	31,654	-0-	2,387
Expenditure accruals	53,664	-0-	(6,304)
GAAP Basis	\$ <u>(337,686)</u>	\$ <u>440,062</u>	\$ <u>(234,523)</u>

**ITAWAMBA COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**UNAUDITED**

Pension Schedules

**A. Changes of Assumptions**

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: For males, 137% of male rates at all ages, and 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%.

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

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

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.

**ITAWAMBA COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**UNAUDITED**

**B. Changes in benefit provisions**

2016

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

**C. 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

## **OTHER INFORMATION**

**Itawamba County**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2019**

**UNAUDITED**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Charles Horn	Supervisor District 1	FCCI	\$ 100,000
Cecil "Ike" Johnson, Jr.	Supervisor District 2	FCCI	100,000
Steve Moore	Supervisor District 3	State Farm	100,000
Eric "Tiny" Hughes	Supervisor District 4	Travelers	100,000
Kenneth Steve Johnson	Supervisor District 5	Western Surety	100,000
Gary Franks	County Administrator	Travelers	100,000
Michelle Clouse	Chancery Clerk	Western Surety	100,000
Pamela Dines	Deputy Chancery Clerk	Western Surety	25,000
Melissa Loden	Deputy Chancery Clerk	Western Surety	25,000
Carol Gates	Circuit Clerk	FCCI	100,000
Paula Miller Cooper	Deputy Circuit Clerk	Travelers	50,000
Lori Gadd	Deputy Circuit Clerk	Travelers	50,000
Tami Beane	Tax Assessor	FCCI	50,000
Sandy Parker	Deputy Tax Assessor	FCCI	10,000
Laura Beth Chaney	Deputy Tax Assessor	FCCI	10,000
Andrea Yielding Simmons	Deputy Tax Assessor	FCCI	10,000
Greg Tutor	Deputy Tax Assessor	FCCI	10,000
Cathy Long	Deputy Tax Assessor	FCCI	10,000
Debbie Ann Johnson	Tax Collector	Travelers	100,000
Candace Davis	Deputy Tax Collector	Travelers	50,000
Kathy Bean	Deputy Tax Collector	Travelers	50,000
Jane Flurry	Deputy Tax Collector	Travelers	50,000
Melissa Leech	Deputy Tax Collector	Travelers	50,000
Stephanie Wright	Purchase Clerk	Travelers	75,000
Amy Lentz	Assistant Purchase Clerk	Travelers	50,000
Bryan Wilemon	Receiving Clerk	Travelers	75,000
Joseph Farley	Assistant Receiving Clerk	RLI	50,000
Willie Childers	Assistant Receiving Clerk	Western Surety	50,000
Riley Farris	Assistant Receiving Clerk	FCCI	50,000
Billy Lindsey	Assistant Receiving Clerk	FCCI	50,000
Todd Farrar	Assistant Receiving Clerk	Travelers	50,000
Larry Cromeans	Road Manager	State Farm	50,000
Shelia Spradling	Justice Court Clerk	Travelers	50,000
Anita Holland	Deputy Justice Court Clerk	Travelers	50,000
Rhonda Johnson	Deputy Justice Court Clerk	Travelers	50,000
Christopher Dickinson	Sheriff	FCCI	100,000
Stephanie Harrington	Inventory Control Clerk	Travelers	75,000
Harold Holcomb	Justice Court Judge	Travelers	100,000
John Bishop	Justice Court Judge	Western Surety	100,000
Doug Lesley	Constable	Travelers	50,000
James Terry Johnson	Constable	Travelers	50,000

## **SPECIAL REPORTS**

**J. E. VANCE & COMPANY, P.A.**  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Itawamba County, Mississippi

We have audited, 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 the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Itawamba County, Mississippi, 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 June 18, 2021. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. Additionally, our report includes a qualified opinion on Governmental Activities and the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the valuation of Justice Court fines receivable, net.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2019-001 through 2019-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2019-003 to be a significant deficiency.

### Compliance and Other Matters

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

However, we noted certain matters which we have reported to the management of Itawamba County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 18, 2021, included within this document.

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

Itawamba County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Itawamba 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 the 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.

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
June 18, 2021



**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Itawamba County, Mississippi

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

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

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

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

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

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



Tupelo, Mississippi  
June 18, 2021

**Itawamba County**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For The Year Ended September 30, 2019**

**Schedule 1**

Our test results did not identify any purchases not made from the lowest bidder.

**Itawamba County  
Schedule of Emergency Purchases  
For The Year Ended September 30, 2019**

**Schedule 2**

Our test results did not identify any emergency purchases.

**Itawamba County**  
**Schedule of Purchases Made Noncompetitively from a Sole Source**  
**For The Year Ended September 30, 2019**

**Schedule 3**

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

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**Limited Internal Control and Compliance Review Management Report**

Members of the Board of Supervisors  
Itawamba County, Mississippi

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

In addition, for areas not considered material to Itawamba County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 18, 2021, on the financial statements of Itawamba County, Mississippi.

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

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

**Board of Supervisors**

1. Exceptions noted with the Board of Supervisors' surety bonds.

Repeat Finding Yes.

Criteria Section 25-1-15(2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."

Condition During work performed, we noted that District 1 Supervisor had only a "Continuation Certificate" on file as of September 30, 2019.

Cause County employee did not follow the Mississippi statute listed above.

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

Recommendation The District 1 Supervisor should secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Response This was corrected with our new District 1 Supervisor's term beginning in 2020.

**County Administrator**

2. The county signed warrants without sufficient funds available.

Repeat Finding Yes.

Criteria Section 19-13-43, Miss. Code Ann. (1972) states that "No warrant shall be signed, removed from the warrant book, nor delivered by the clerk until there is sufficient money in the fund upon which it is drawn to pay the same and all prior unpaid warrants drawn upon that fund, whether delivered or not".

Condition As reported in prior years, warrants were issued on funds that did not have sufficient cash and/or fund balances to pay the warrants.

Cause County employees did not follow the Mississippi statute listed above.

Effect At various times during the year, the following funds had negative cash balances:

- Tremont Fire District
- Tilden-New Salem Fire District
- Fire District Fund
- Taylor & McFerrin Industrial Park Fund
- Homeland Security Fund
- Banner Fire District
- Jail Construction Fund
- Payroll Clearing Fund

Also, at fiscal year end, the following funds had deficit fund balances:

- Townhouse Building Fund
- Port Fund
- Homeland Security Fund
- Jail Construction Fund

Recommendation We recommend that the County Administrator adopt procedures to ensure no warrants are signed or delivered until there is sufficient money and/or fund balance in the fund upon which it is drawn to pay the same, as required by law.

Response The County had sufficient overall funds to cover warrants, but in many cases the timing of transfers or grant reimbursements resulted in a temporary negative balance. We will continue to monitor and improve this issue.

3. Duties of the Road Manager not reflected in the Personnel Policy.

Repeat Finding Yes.

Criteria	Section 65-17-1(2), Mississippi Code Annotated (1972) states, "...The board of supervisors shall adopt the general policies to be followed in administration of the county road department...The county road manager, under the policies determined by the board of supervisors and subject to the board's general supervision and control, shall administer the county road department, superintend the working, construction and maintaining of the public roads and the building of bridges in such county, and carry out the general policies of the board in conformity with the estimates of expenditures fixed in the annual budget as finally adopted by the board or as thereafter revised by appropriate action of the board. All requisitions for the purchase and repair of all equipment, heavy equipment, machinery, supplies, commodities, materials and services for the county road department shall be prepared by the county road manager and submitted to the county department of purchasing for processing in accordance with the central purchasing system..."
Condition	During work performed, we noted the duties of the Road Manager were not reflected in the County's Personnel Policy.
Cause	The County did not include the duties of the Road Manager in their Personnel Policy.
Effect	Failure to have duties defined for the Road Manager could result in lack of proper management of the Road department employees; failure to control expenditures within budget estimates; and unauthorized expenditures within the Purchasing guidelines.
Recommendation	The Board of Supervisors should include the duties of the Road Manager in the County's Personnel Policy.
Response	Our Personnel Policy was amended to include the duties of the Road Manager on January 1, 2020.
4.	<u>Bank information submitted to State Treasurer's office was incomplete.</u>
Repeat Finding	Yes.
Criteria	Section 27-105-5(6)(b), Mississippi Code Annotated (1972) states, "... A public depositor shall not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit."
Condition	Procedures performed revealed that certain bank accounts were not included in the public depositor's listing provided to the State Treasurer's office, including five (5) emergency road and bridge project accounts.
Cause	A reconciliation was not performed to investigate variances between public depositor confirmations and account listings provided by individual County offices before submission.
Effect	Without notifying the State Treasurer of its official name, address, federal tax identification number, and the fiscal year-end balance in this account increases a risk that the county's total deposits may not be properly collateralized and not complying with section 27-105-5(6)(b).
Recommendation	We recommend the County strengthen controls to ensure all account information is filed with the State Treasurer's office within thirty (30) days following the fiscal year end.
Response	We will make sure that all accounts are included in what we collectively submit to the State Treasurer.

### **Circuit Clerk**

5. Circuit Clerk's bond was a "Continuation Certificate."

Repeat Finding Yes.

Criteria Section 25-1-15(2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."

Condition As a result of procedures performed, we noted that the Circuit Clerk had only a "Continuation Certificate" on file.

Cause County employee did not follow the Mississippi statute listed above.

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

Recommendation The Circuit Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Response I corrected this issue in January 2021 with a full term bond.

### **Inventory Clerk.**

6. Inventory Clerk's bond had an indefinite term date.

Repeat Finding Yes.

Criteria Section 25-1-15(2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."

Condition As a result of procedures performed, we noted that the Inventory Clerk's bond had an indefinite term date.

Cause County employee did not follow the Mississippi statute listed above.

Effect Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation The Inventory Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Response This was corrected for the new term beginning January 1, 2020.

### **Purchase Clerk.**

7. Purchase Clerk's bond had an indefinite term date.

Repeat Finding Yes.

Criteria Section 25-1-15 (2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."



Condition	As a result of procedures performed, we noted the Purchase Clerk's bond had an indefinite term date. Also, the Assistant Purchase Clerks' bonds did not have a definite four (4) year term as required.
Cause	County employees did not follow the Mississippi statutes listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Purchase Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Response	This was corrected for the new term beginning January 1, 2020.

#### **Receiving Clerk.**

8. The Receiving Clerk and the Assistant Receiving Clerks' had "Continuation Certificates." Also, one receiving clerk's bond did not cover the entire fiscal year period ending September 30, 2019.

Repeat Finding	Yes.
Criteria	Section 25-1-15 (2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."
Condition	As a result of procedures performed, we noted that the Receiving Clerk and three Assistant Receiving Clerks had "Continuation Certificates." Also, one receiving clerk's bond term ended on June 01, 2019, four (4) months prior to fiscal year end.
Cause	County employees did not follow the Mississippi statutes listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Receiving Clerk should ensure that all bonds are secured, list a term of office covered, and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor, and that all bonds remain in effect during the term of office.
Response	We will comply.

#### **Road Manager.**

9. The Road Manager's bond covered a one-year period.

Repeat Finding	Yes.
Criteria	Section 25-1-15(2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."
Condition	As a result of procedures performed, we noted that the Road Manager had only a one-year period bond, set to renew annually.
Cause	County employee did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The Road Manager should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Response We will correct this.

**Sheriff.**

10. The Sheriff's bond was a "Continuation Certificate".

Repeat Finding Yes.

Criteria Section 25-1-15(2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage, shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."

Condition As a result of procedures performed, we noted that the Sheriff had only a "Continuation Certificate" on file.

Cause County employee did not follow the Mississippi statute listed above.

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

Recommendation The Sheriff should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Response I corrected this issue in January 2021 with a full term bond.

11. Bank information submitted to State Treasurer's office was incomplete.

Repeat Finding Yes.

Criteria Section 27-105-5(6)(b), Mississippi Code Annotated (1972) states, "... A public depositor shall not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit."

Condition Procedures performed revealed that the Inmate Commissary account was not submitted to the State Treasurer's Office within thirty (30) days of the fiscal year end.

Cause The Inmate Commissary account was not filed on the Public Depositors Annual Report as required by state statute above.

Effect Without notifying the State Treasurer of its official name, address, federal tax identification number, and the fiscal year-end balance in this account increases a risk that the county's total deposits may not be properly collateralized and not complying with section 27-105-5(6)(b).

Recommendation We recommend the Sheriff strengthen controls to ensure all account information is filed with the State Treasurer's office within thirty (30) days following the fiscal year end.

Response We will include this account on the listing in the future.

**Tax Assessor.**

12. Bonds for the Tax Assessor and Deputy Tax Assessors were "Continuation Certificates."

Repeat Finding Yes.

Criteria Section 25-1-15(2), Mississippi Code Annotated (1972) states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."

Condition As a result of procedures performed, we noted that the Tax Assessor and Deputy Tax Assessors had only "Continuation Certificates."

Cause County employees did not follow the Mississippi statute listed above.

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

Recommendation The Tax Assessor should ensure that all bonds secured list a term of office covered, and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Response This was corrected for the new term beginning January 1, 2020.

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

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi  
June 18, 2021

## **SCHEDULE OF FINDINGS AND RESPONSES**

**ITAWAMBA 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
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Qualified
Nursing Home Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
2018 Senate Bill 2002 Railroad Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Solid Waste Fund	Unmodified

2. Internal control over financial reporting:

- |  |     |
|--|-----|
| a. Material weakness(es) identified?       | Yes |
| b. Significant deficiency(ies) identified? | Yes |

3. Noncompliance material to the financial statements noted?	No
--	----

**ITAWAMBA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Section 2: Financial Statement Findings**

**Board of Supervisors.**

Material Weakness

2019-001      Financial data for component units should be included in the County's financial statements.

Repeat Finding    Yes.

Criteria            Generally accepted accounting principles require the financial data for the County's component units to be reported in the financial data for the County's primary government unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units.

Condition          As reported in prior years, the County's financial statements do not include the financial data for the County's legally separate component units.

Cause                The Board of Supervisors did not choose to provide and include audited financial data for its discretely presented component units for inclusion in the County's financial statements.

Effect                Failure to follow generally accepted accounting principles and include audited financial data for the County's component units resulted in an adverse opinion on the discretely presented component units.

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

Response           Due to cost restraints and benefits derived from cost to obtain, the County does not have audits performed on component units.

**Justice Court.**

Material Weakness

2019-002      Internal Controls over fines receivable in the Justice Court Clerk's office should be strengthened.

Repeat Finding    Yes.

Criteria:            Effective internal controls over Justice Court fines receivable should include maintaining and preserving adequate subsidiary records to substantiate the total fines receivable balance and should ensure that fines receivable is properly aged in order to estimate the collectability of these fines receivable and includes only fines due the county.

Condition          As reported in prior years, based on audit procedures performed, management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable at September 30, 2019.

Cause                Internal controls over Justice Court fines receivable were not effective in ensuring the preparation and retention of a detailed aged fines receivable schedule at September 30, 2019.

**ITAWAMBA COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Section 2: Financial Statement Findings (Continued)**

**Effect** Failure of internal controls over aging of Justice Court fines receivable could cause misstatements in the financial statements. Therefore, the Independent Auditor's Report includes a qualified opinion on the Governmental Activities and the General Fund because we were not able to satisfy ourselves as to the fair presentation of the Justice Court fines receivable.

**Recommendation** The Justice Court Clerk should ensure that internal control procedures are in place to allow for the preparation and preservation of a detailed aged fines receivable schedule so that fines receivable due to the County can be properly reported in the financial statements.

**Response** We will try to correct this.

**Sheriff.**

**Significant Deficiency**

2019-003 Segregation of duties in the Sheriff's office should be strengthened.

**Repeat Finding** Yes.

**Criteria:** Effective internal controls should include adequate segregation of duties. Segregation of duties is the separation of the authority, custody, and accounting of an operation so that one individual cannot complete a transaction from start to finish.

**Condition:** As reported in prior years, collection, disbursement, recording and reconciliation functions are not adequately segregated in the Sheriff's office. The bookkeeper receipts collections, posts to the cash journal, makes bank deposits, reconciles the bank statements, disburses all funds, and makes the monthly settlements.

**Cause** The Sheriff's office has not implemented adequate segregation of duties or compensating internal controls to mitigate risk of one individual performing so that there is separation of the authority, custody, and accounting of operations.

**Effect** Segregation of duties helps prevent fraud, waste, and abuse in the internal control system including the risk of management override of existing internal controls.

**Recommendation** The Sheriff should design, implement and monitor an effective system of internal controls including an adequate segregation of duties. If size and financial considerations present challenges to attaining adequate segregation of duties then management should consider if this risk could be mitigated through the design of the internal control system by including additional levels of review, reviewing randomly selected transactions and their supporting documentation, taking periodic assets counts, checking reconciliations, etc.

**Response** Due to limited staff we are continuing to improve segregation of duties where possible.