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# **MONROE COUNTY, MISSISSIPPI**

Audited Financial Statements  
And  
Special Reports

For the Year Ended September 30, 2019

MONROE COUNTY  
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MONROE COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676 Fax (601)939-8761  
windhamandlacey.com

P. O. Box 759  
Crystal Springs, MS 39059  
(601)892-4001 Fax (601)892-5978

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Monroe 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 Monroe County, Mississippi, 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. These financial statements are the responsibility of the County's management.

#### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinions, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Monroe 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 conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Omission of Required Supplementary Information*

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

### *Supplementary and Other Information*

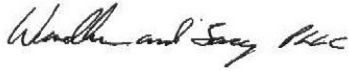
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2020, on our consideration of Monroe 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 Monroe County Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
February 28, 2020



MONROE COUNTY

FINANCIAL STATEMENTS

MONROE COUNTY  
Statement of Net Position  
September 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 23,970,008	1,735,047	25,705,055
Accrued interest receivable	4,527		4,527
Property tax receivable	12,618,310	151,202	12,769,512
Accounts receivable (net of allowance for uncollectibles of \$678,567)		549,801	549,801
Fines receivable (net of allowance for uncollectibles of \$1,670,027)	284,401		284,401
Capital leases receivable	1,326,844		1,326,844
Intergovernmental receivables	2,618,493		2,618,493
Other receivables	25,559		25,559
Prepaid debt service costs	407,365		407,365
Restricted assets:			
Investments	2,174,966		2,174,966
Internal balances	(2,942)	2,942	
Capital assets:			
Land and construction in progress	2,687,953	186,111	2,874,064
Other capital assets, net	54,070,616	958,279	55,028,895
Total Assets	100,186,100	3,583,382	103,769,482
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	674,862	71,697	746,559
Deferred amount on refunding	10,208		10,208
Total Deferred Outflows of Resources	685,070	71,697	756,767
<b>LIABILITIES</b>			
Claims payable	1,131,366	72,551	1,203,917
Intergovernmental payables	462,090		462,090
Accrued interest payable	40,780		40,780
Fees paid in advance		133,030	133,030
Amounts held in custody for others			
Other payables	57,141		57,141
Claims and judgments payable	200,137		200,137
Compensated absences	563,199	39,096	602,295
Long-term liabilities			
Due within one year:			
Capital debt	1,731,012	153,190	1,884,202
Non-capital debt	295,000		295,000
Due in more than one year:			
Capital debt	4,007,985		4,007,985
Non-capital debt	1,885,000		1,885,000
Net pension liability	17,844,967	1,452,021	19,296,988
Total Liabilities	28,218,677	1,849,888	30,068,565

(Continued)

MONROE COUNTY  
Statement of Net Position  
September 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Unearned interest on capital leases	87,630		87,630
Deferred inflows related to pensions	285,896	21,672	307,568
Property tax for future reporting period	12,618,310	151,202	12,769,512
Total Deferred Inflows of Resources	12,991,836	172,874	13,164,710
NET POSITION			
Net investment in capital assets	51,029,780	991,200	52,020,980
Restricted for:			
Expendable:			
General government	3,052,137		3,052,137
Debt service	5,330,891		5,330,891
Public safety	974,890		974,890
Public works	6,240,186	641,117	6,881,303
Health and welfare	675,814		675,814
Economic development	4,662,235		4,662,235
Culture and recreation	116,167		116,167
Unemployment compensation	31,199		31,199
Medical claims	1,013,770		1,013,770
Unrestricted	(13,466,412)		(13,466,412)
Total Net Position	\$ 59,660,657	1,632,317	61,292,974

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 6,597,493	2,881,648	18,698		(3,697,147)		(3,697,147)
Public safety	5,821,912	647,219	549,184		(4,625,509)		(4,625,509)
Public works	8,843,551	147,438	1,285,118	5,240,055	(2,170,940)		(2,170,940)
Health and welfare	473,038		87,448	39,321	(346,269)		(346,269)
Culture and recreation	149,843				(149,843)		(149,843)
Conservation of natural resources	222,556				(222,556)		(222,556)
Economic development and assistance	421,478			1,074,359	652,881		652,881
Interest on long-term debt	362,578				(362,578)		(362,578)
Pension expense	1,951,270				(1,951,270)		(1,951,270)
Total Governmental Activities	<u>24,843,719</u>	<u>3,676,305</u>	<u>1,940,448</u>	<u>6,353,735</u>	<u>(12,873,231)</u>	<u>0</u>	<u>(12,873,231)</u>
Business-type Activities:							
Solid waste	<u>2,608,250</u>	<u>2,623,629</u>	<u>136,922</u>	<u>0</u>	<u>0</u>	<u>152,301</u>	<u>152,301</u>
Total Primary Government	<u>\$ 27,451,969</u>	<u>6,299,934</u>	<u>2,077,370</u>	<u>6,353,735</u>	<u>(12,873,231)</u>	<u>152,301</u>	<u>(12,720,930)</u>

(Continued)

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

Exhibit 2

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues, capital contributions and transfers:			
Property taxes	\$ 16,361,362	188,719	16,550,081
Road & bridge privilege taxes	446,956		446,956
Grants and contributions not restricted to specific programs	1,028,027		1,028,027
Unrestricted interest income	480,870	24,102	504,972
Transfer of capital assets	1,922	(1,922)	
Miscellaneous	809,935	16,346	826,281
Total general revenues, capital contributions and transfers	<u>19,129,072</u>	<u>227,245</u>	<u>19,356,317</u>
Changes in Net Position	6,255,841	379,546	6,635,387
Net Position - Beginning	<u>53,404,816</u>	<u>1,252,771</u>	<u>54,657,587</u>
Net Position - Ending	<u>\$ 59,660,657</u>	<u>1,632,317</u>	<u>61,292,974</u>

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

MONROE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2019

Exhibit 3

	<u>Major Funds</u>				
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Special Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 8,482,811	2,823,244	2,832,003	8,609,986	22,748,044
Investments				2,174,966	2,174,966
Accrued interest receivable	2,530			1,997	4,527
Property tax receivable	7,519,290	3,732,805		1,366,215	12,618,310
Fines receivable (net of allowance for uncollectibles of \$1,670,027)	284,401				284,401
Capital lease receivable				1,326,844	1,326,844
Intergovernmental receivables	343,904	2,244,647		29,942	2,618,493
Other receivables	5,647			19,912	25,559
Prepaid debt service costs				407,365	407,365
Due from other funds		97,836		1,653,378	1,751,214
Advances to other funds	103,904				103,904
Total Assets	<u>\$ 16,742,487</u>	<u>8,898,532</u>	<u>2,832,003</u>	<u>15,590,605</u>	<u>44,063,627</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 737,152	286,541		107,673	1,131,366
Intergovernmental payables	435,485				435,485
Amounts held in custody for others	57,141				57,141
Due to other funds	160,761	1,620,000			1,780,761
Advances from other funds		95,847			95,847
Total Liabilities	<u>1,390,539</u>	<u>2,002,388</u>	<u>0</u>	<u>107,673</u>	<u>3,500,600</u>

(Continued)

MONROE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2019

Exhibit 3

	<u>Major Funds</u>				
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Special Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources:					
Property tax for future reporting period	7,519,290	3,732,805		1,366,215	12,618,310
Unavailable revenue - fines	284,401				284,401
Unavailable revenue - principal and interest on capital leases				1,326,844	1,326,844
Total Deferred Inflows of Resources	<u>7,803,691</u>	<u>3,732,805</u>	<u>0</u>	<u>2,693,059</u>	<u>14,229,555</u>
Fund Balances:					
Nonspendable:					
Prepaid items				407,365	407,365
Advances	103,904				103,904
Restricted for:					
General government	1,524,970			1,527,167	3,052,137
Public safety				1,235,049	1,235,049
Public works		3,163,339	2,832,003	207,198	6,202,540
Health and welfare				675,814	675,814
Culture and recreation				116,167	116,167
Economic development and assistance				3,423,021	3,423,021
Debt service				4,964,306	4,964,306
Unemployment compensation				31,199	31,199
Committed to:					
Public works				202,587	202,587
Unassigned	5,919,383				5,919,383
Total Fund Balances	<u>7,548,257</u>	<u>3,163,339</u>	<u>2,832,003</u>	<u>12,789,873</u>	<u>26,333,472</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,742,487</u>	<u>8,898,532</u>	<u>2,832,003</u>	<u>15,590,605</u>	<u>44,063,627</u>

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

## MONROE COUNTY

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

Total Fund Balance - Governmental Funds	\$	26,333,472
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 \$93,188,883.		56,758,569
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		284,401
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(8,482,196)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(40,780)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,239,214
Deferred amount on refunding		10,208
Pension Obligations		
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(17,844,967)	
Deferred inflows/outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension obligations	674,862	
Deferred inflows of resources related to pension obligations	<u>(285,896)</u>	(17,456,001)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.		<u>1,013,770</u>
Total Net Position - Governmental Activities	\$	<u>59,660,657</u>

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



## MONROE COUNTY

Exhibit 4

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2019

	Major Funds				
	General Fund	Countywide Road Maintenance Fund	Special Bridge Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 9,328,463	4,595,118		2,437,781	16,361,362
Road and bridge privilege taxes		446,956			446,956
Licenses, commissions and other revenue	522,769			23,306	546,075
Fines and forfeitures	346,479			21,960	368,439
Intergovernmental revenues	1,834,618	3,183,785	2,832,003	1,471,804	9,322,210
Charges for services	215,319			499,896	715,215
Interest income	146,296	57,986		265,296	469,578
Miscellaneous revenues	223,403	11,885		248,086	483,374
Total Revenues	<u>12,617,347</u>	<u>8,295,730</u>	<u>2,832,003</u>	<u>4,968,129</u>	<u>28,713,209</u>
EXPENDITURES					
Current:					
General government	4,986,625			163,636	5,150,261
Public safety	4,999,349			953,463	5,952,812
Public works	355,026	8,025,322		821,649	9,201,997
Health and welfare	303,998			131,034	435,032
Culture and recreation	107,500			44,102	151,602
Conservation of natural resources	173,651				173,651
Economic development and assistance	390,722			1,121,123	1,511,845
Debt service:					
Principal	168,163	611,295		3,970,787	4,750,245
Interest	10,520	13,919		297,388	321,827
Fiscal agent fees				5,820	5,820
Total Expenditures	<u>11,495,554</u>	<u>8,650,536</u>	<u>0</u>	<u>7,509,002</u>	<u>27,655,092</u>
Excess of Revenues Over (Under) Expenditures	<u>1,121,793</u>	<u>(354,806)</u>	<u>2,832,003</u>	<u>(2,540,873)</u>	<u>1,058,117</u>

(Continued)

## MONROE COUNTY

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

	<u>Major Funds</u>				
	General Fund	Countywide Road Maintenance Fund	Special Bridge Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued		775,535		2,180,000	2,955,535
Proceeds from sale of capital assets		479,370		55,405	534,775
Transfers in				960,474	960,474
Transfers out	(287,500)			(672,974)	(960,474)
Lease principal payments				270,532	270,532
Total Other Financing Sources and Uses	<u>(287,500)</u>	<u>1,254,905</u>	<u>0</u>	<u>2,793,437</u>	<u>3,760,842</u>
Net Changes in Fund Balances	834,293	900,099	2,832,003	252,564	4,818,959
Fund Balances - Beginning	<u>6,713,964</u>	<u>2,263,240</u>	<u>0</u>	<u>12,537,309</u>	<u>21,514,513</u>
Fund Balances - Ending	<u>\$ 7,548,257</u>	<u>3,163,339</u>	<u>2,832,003</u>	<u>12,789,873</u>	<u>26,333,472</u>

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

MONROE COUNTY

Exhibit 4-1

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

Net Changes in Fund Balances - Governmental Funds	\$	4,818,959
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital expenditures of \$2,313,496 exceeded depreciation of \$1,632,016 in the current period.	681,480
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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 sale of capital assets of \$534,775 and the net gain on the disposal of capital assets of \$269,770.	(265,005)
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In the Statement of Activities, transfers of capital assets between the Governmental funds and the Proprietary Funds are reported, whereas in the Governmental Funds these transactions are not reported. Thus, the change in net position is the net value of the capital assets transferred.	1,922
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Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	31,943
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Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount the of debt incurred of \$2,955,535, debt repayments of \$4,750,245, and amortization of bond discounts and premiums of \$23,547.	1,771,163
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Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The increase in compensated absences	(13,701)
The decrease in accrued interest payable	24,634
The decrease in refunding charges on long term debt	(41,838)
Other	1

(Continued)

MONROE COUNTY

Exhibit 4-1

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

Items reported in the Statement of Activities relating to the implementation of GASB No. 68 are not reported in the governmental funds. These activities include:

Recognition of pension expense for the current year	(1,951,270)	
Recognition of contributions made subsequent to the measurement date	292,914	
Recognition of contributions made in the fiscal year prior to the measurement date	<u>780,044</u>	(878,312)

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases. (270,532)

An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities. 351,572

In the Statement of Activities, the principal portion of capital leases receivable is reported as a component of revenue whereas in the Governmental Funds it is deferred. In the current fiscal year the county entered into a capital lease receivable with a company for the purchase of county-owned land. 43,555

Change in Net Position of Governmental Activities \$ 6,255,841

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

MONROE COUNTY  
Statement of Net Position - Proprietary Funds  
September 30, 2019

Exhibit 5

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,735,047	1,221,964
Property tax receivable	151,202	
Accounts receivable (net of allowance for uncollectibles of \$678,567)	549,801	
Due from other funds	2,942	
Advances to other funds		95,847
Total Current Assets	2,438,992	1,317,811
Noncurrent Assets:		
Capital Assets:		
Land and construction in progress	186,111	
Other capital assets, net	958,279	
Total Noncurrent Assets	1,144,390	0
Total Assets	3,583,382	1,317,811
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	71,697	
Total Deferred Outflows of Resources	71,697	0
<b>LIABILITIES</b>		
Current Liabilities:		
Claims payable	72,551	
Claims and judgements payable		200,137
Advances from other funds		103,904
Fees paid in advance	133,030	
Compensated absences	39,096	
Capital debt:		
Capital leases payable	153,190	
Total Current Liabilities	397,867	304,041
Noncurrent Liabilities:		
Net pension liability	1,452,021	
Total Noncurrent Liabilities	1,452,021	0
Total Liabilities	1,849,888	304,041
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax for future reporting period	151,202	
Deferred inflows related to pensions	21,672	
Total Deferred Inflows of Resources	172,874	0

(Continued)

MONROE COUNTY  
Statement of Net Position - Proprietary Funds  
September 30, 2019

Exhibit 5

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
NET POSITION		
Net investment in capital assets	991,200	
Restricted for:		
Medical claims		1,013,770
Public works	641,117	
Total Net Position	\$ 1,632,317	1,013,770

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

## MONROE COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended September 30, 2019

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
OPERATING REVENUES		
Charges for services	\$ 2,623,629	
Premiums		2,018,145
Miscellaneous	16,346	
Total Operating Revenues	<u>2,639,975</u>	<u>2,018,145</u>
OPERATING EXPENSES		
Personal services	761,098	
Contractual services	895,356	
Materials and supplies	357,655	
Depreciation expense	419,295	
Pension expense	150,939	
Indirect administrative cost	17,635	
Claims payments		1,292,378
Administrative		115,498
Insurance premiums		269,989
Total Operating Expenses	<u>2,601,978</u>	<u>1,677,865</u>
Operating Income (Loss)	<u>37,997</u>	<u>340,280</u>
NONOPERATING REVENUES (EXPENSES)		
Property tax	188,719	
Interest income	24,102	11,292
Transfer of capital assets	(1,922)	
Intergovernmental grants	136,922	
Interest expense	(6,272)	
Net Nonoperating Revenue (Expenses)	<u>341,549</u>	<u>11,292</u>
Net Income (Loss)	<u>379,546</u>	<u>351,572</u>
Changes in Net Position	379,546	351,572
Net Position -Beginning	<u>1,252,771</u>	<u>662,198</u>
Net Position - Ending	<u>\$ 1,632,317</u>	<u>1,013,770</u>

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

MONROE COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 2,623,766	
Receipts for premiums		2,018,146
Payments to suppliers	(1,249,095)	
Payments to employees	(844,049)	
Payments for claims		(1,201,062)
Payments to administrator for services		(115,498)
Payments for insurance premiums		(269,989)
Payments to General Fund for indirect costs	(17,635)	
Other operating cash receipts	16,346	
Net Cash Provided (Used) by Operating Activities	529,333	431,597
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental grants received	136,922	
Cash received from property taxes	188,316	
Net Cash Provided (Used) by Noncapital Financing Activities	325,238	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Sales of assets	3,039	
Acquisition and construction of capital assets	(248,797)	
Principal paid on long-term debt	(352,641)	
Interest paid on debt	(6,272)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(604,671)	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on deposits	27,932	12,896
Net Cash Provided (Used) by Investing Activities	27,932	12,896
Net Increase (Decrease) in Cash and Cash Equivalents	277,832	444,493
Cash and Cash Equivalents at Beginning of Year	1,457,215	777,471
Cash and Cash Equivalents at End of Year	\$ 1,735,047	1,221,964

(Continued)



MONROE COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Solid Waste Fund	Insurance Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 37,997	340,280
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	419,295	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,864)	
(Increase) decrease in deferred outflows of resources	9,250	
Increase (decrease) in deferred inflows of resources	(10,999)	
Increase (decrease) in claims payable	3,906	
Increase (decrease) in pension liability	69,691	
Increase (decrease) in claims and judgments liability		91,317
Increase (decrease) in compensated absences liability	46	
Increase (decrease) in unearned revenue	6,011	
Total Adjustments	491,336	91,317
Net Cash Provided (Used) by Operating Activities	\$ 529,333	431,597

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

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

Exhibit 8

	Agency Funds
ASSETS	
Cash and investments	\$ 4
Due from other funds	<u>26,605</u>
Total Assets	<u>\$ 26,609</u>
LIABILITIES	
Intergovernmental payables	<u>\$ 26,609</u>
Total Liabilities	<u>\$ 26,609</u>

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

## MONROE COUNTY

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

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

##### A. Basis of Presentation.

The accompanying financial statements of Monroe County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

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.

##### B. Financial Reporting Entity.

Monroe County, Mississippi, (the County) is a political subdivision of the State of Mississippi, governed by an elected five-member Board of Supervisors. For GAAP financial reporting purposes, the County's reporting entity includes all funds of the County's various departments and elected officials (the primary government). Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government and there is potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board.

There are no outside organizations that should be included as component units of the County's reporting entity.

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

## MONROE COUNTY

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

#### C. Government-wide and Fund Financial Statements.

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all nonfiduciary activities of the County. The primary government is further subdivided between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all of the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of September 30, 2019, with the difference reported as net position.

The Statement of Activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and thus, are clearly identifiable to a particular function. Certain indirect costs have been included as part of the program expenses reported for the various functions and activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and any sources of revenue that are not reported as program revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the applicable fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements and the financial statements of the Proprietary Funds 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, regardless of the timing of related cash flows. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 and producing and delivering goods in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the balance sheet. Revenues are recognized when measurable and available to finance operations of the current fiscal year. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current year or soon enough after fiscal year-end to liquidate liabilities existing at the end of the fiscal year. The County considers revenues received within 60 days after fiscal year-end as available. Significant revenue sources that are susceptible to accrual include property taxes, state appropriations, and federal awards. Licenses, fees, permits and other miscellaneous revenues are recognized when received since they normally are measurable only at that time. Expenditures for goods and services are recognized upon receipt of said goods and services. Expenditures for debt service, compensated absences, and claims and judgments are recognized only when payment is due.

## MONROE COUNTY

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

The County reports the following major governmental funds:

The General Fund accounts for all activities of the County not specifically required to be accounted for in other funds. Transactions are related to general government, justice, public safety, public works, health and social services, culture and recreation, and economic development.

The Countywide Road Maintenance Fund accounts for the maintenance and preservation of local roads financed with various revenue sources restricted for this purpose.

The Special Bridge Repair Fund accounts for funds received for the maintenance and construction of bridges that have been deemed unsafe.

The County reports the following major Proprietary Funds:

The Insurance Fund accounts for activities related to the County's self-insurance programs for employee medical benefits.

The Solid Waste Fund accounts 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 account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds account for resources that are to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of long-term debt and federal and state grants.

#### PROPRIETARY FUND TYPES

Enterprise Funds account for operations where the intent of the County is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds account for the operations of county departments that render services and/or provide goods to other county departments on a cost-reimbursement basis. These activities include personnel services, information technology and risk management. In the government-wide financial statements, Internal Service Funds are included in the governmental activities.

#### FIDUCIARY FUND TYPE

Agency Funds account for receipt of various taxes, deposits and other monies collected or held by the County, in a purely custodial capacity, until distributed to other governmental units or designated beneficiaries.

## MONROE COUNTY

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

#### E. Cash and Cash Equivalents.

Cash and cash equivalents include bank accounts, petty cash, money market demand accounts, money market mutual funds, and certificates of deposit with a maturity date within 365 days of the date acquired by the County.

#### F. Investments.

Investments are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements.

#### G. Receivables.

Receivables represent amounts due to the County for revenue earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts where applicable.

#### H. Interfund Activity.

In general, eliminations have been made to minimize the double-counting of internal activity, including Internal Service Fund activity, on the government-wide financial statements. Excess revenues or expenses from the Internal Service Funds have been allocated to the appropriate function originally charged for the internal sale as part of this process. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount on the government-wide financial statements.

In the fund financial statements, transactions for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures/expenses of the disbursing fund. Reimbursements of expenditures/expenses made by one fund to another are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund. Transfers represent flows of assets between funds of the primary government without equivalent flows of assets in return and without a requirement for payment.

#### I. Interfund Balances.

Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for residual amounts due between governmental and business-type activities, which are reported on the government-wide Statement of Net Position as "Internal Balances". Fiduciary funds' receivables and payables have been reclassified to other receivables and other payables, respectively, on the government-wide Statement of Net Position.

Transactions between funds that represent short-term lending/borrowing arrangements and transactions for which the actual transfer of cash had not occurred as of year-end are reported as "Due To/From Other Funds" on the fund financial statements. Noncurrent portions of interfund receivables and payables are reported as "Advances To/From Other Funds". These noncurrent amounts are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not 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.

# MONROE COUNTY

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

### J. Restricted Assets.

Government-wide assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets.

Certain resources set aside for the repayment of the special obligation bonds associated with the Monroe County, Mississippi, Aberdeen-Monroe County Hospital project are classified as restricted assets because they are maintained in separate trust accounts and their use is limited by a trust indenture. The general accounts are used to report resources that have been accumulated to pay the upcoming principal and interest amounts. The debt service reserve accounts are used to report resources that have been accumulated to meet the debt service reserve requirement established by the trust indenture.

### K. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. 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 the costs of capital assets, other than infrastructure, 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.

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 non-capitalization 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.

## MONROE COUNTY

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

#### L. 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.

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.

#### M. 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.

#### N. Long-term Debt.

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.

Debt proceeds, premiums and discounts are reported as other financing sources in the governmental fund financial statements. In the government-wide financial statements, bond premiums and discounts, as well as refunding charges (the difference between the carrying amount of redeemed/defeased debt and its reacquisition price), are deferred and amortized over the life of the bonds using the effective interest method. Bonds, capital leases, and other loans payable are reported net of the applicable unamortized premium and discount while refunding charges are reported as deferred outflows or deferred inflows of resources. Issuance costs are recognized as debt service expenditures/expenses in the period incurred.

#### O. Compensated Absences.

County policy authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave.

The County's obligation of accumulated personal leave, up to the maximum of 30 days per employee, is reported as "compensated absences" in the government-wide financial statements, as well as the proprietary fund financial statements. In the governmental fund financial statements, only amounts that have matured at year-end due to the termination of employment of a covered employee are reported.

#### P. Net Position/Fund Balance.

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as Net Position on the government-wide and Proprietary Funds financial statements and as Fund Balance on the Governmental Funds financial statements.



## MONROE COUNTY

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

GAAP requires that Net Position be subdivided into three categories:

Net investment in capital assets - capital assets net of accumulated depreciation and related deferred outflows of resources reduced by outstanding balances for bonds, notes and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - assets and deferred outflows of resources less any related liabilities and deferred inflows of resources that are restricted externally by creditors, grantors, contributors or imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position - the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that is not classified as net investment in capital assets or restricted net position.

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. Governmental Fund Balances are classified as:

Nonspendable - amounts that cannot be spent because they are not in a spendable form (not expected to be converted to cash) or are legally required to be maintained intact. Examples include inventories and permanent fund principal.

Restricted - amounts where legally enforceable constraints are imposed by an external party such as a grantor, or by the constitution, or by the Board of Supervisors at the same time the revenue is created.

Committed - amounts where constraints are imposed by order of the Board of Supervisors (the Board), the County's highest level of decision-making authority. An order is a formal action recorded in the minutes of the Board meetings. These constraints are imposed separately from the creation of the revenue. The revenue cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by issuing another order.

Unassigned - the residual amount of the General Fund, which is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred for purposes in which all classifications of spendable fund balance are available, it is the County's general policy to use fund balances in the following order: restricted, committed and unassigned.

#### Q. 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.

## MONROE COUNTY

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

Real and personal property tax revenues are recognized in the year for which they are levied in accordance with GAAP. However, because the revenues are not currently available, a deferred inflow of resources is recorded for this amount. Motor vehicle and mobile home taxes do not meet the GAAP measurability and collectability criteria because the lien and due date cannot be established until the date of original purchase. Accordingly, no amount is accrued for these taxes in the financial statements.

#### R. 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.

#### S. Changes in Accounting Standards.

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

#### (2) Stewardship, Compliance and Accountability.

Net Position Restricted by Enabling Legislation - The government-wide Statement of Net Position reports \$22,738,406 of restricted net position, of which \$10,464,810 is restricted by enabling legislation, primarily proceeds of tax levies.

#### (3) Deposits and Investments.

##### Primary Government Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$25,705,059, and the bank balance was \$25,906,212. Section 27-105-5, Miss. Code Ann. (1972), authorizes the State Treasurer to implement a statewide collateral pool program which secures all local public funds' deposits through a centralized system of pledging securities to the State Treasurer. The program requires the State Treasurer as pledgee of all public funds to monitor the security portfolios of approved financial institutions and ensure public funds are adequately secured.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of the failure of a financial institution, the County would 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 managing custodial credit risk and relies on the program implemented by the State Treasurer as described in the preceding paragraph for all deposits in excess of FDIC coverage.

## MONROE COUNTY

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

#### Primary Government Investments.

Section 19-9-29, Miss. Code Ann. (1972), requires the Board of Supervisors of any county which has on hand any funds in excess of the sums which will be required to meet the current needs and demands of no more than seven (7) business days to invest such excess funds for periods of from fourteen (14) days to one (1) year in one or more of the following:

- Interest-bearing time certificates of deposit of the established county depository or state depositories in the county;
- Bonds or other direct obligations of the United States of America, the State of Mississippi, or any county, municipality or school district of the state, if such county, municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the Chancery Court;
- Obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a county or state depository; or
- Interest-bearing accounts with a county or state depository.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County has not adopted a formal credit risk policy; however, state law limits investments to those described in the preceding paragraph.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has no formal policy on limiting exposure to interest rate risk; however, state law limits the maturity period of any investment to no more than one year as described in the second preceding paragraph.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the amounts reported as deposits, the County had certificates of deposits totaling \$2,282,000 with a maturity of less than one year and were held by county depositories and collateralized with funds held in custody by the State Treasurer.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County's investments are in money-market mutual funds. These investments are reported in the Hospital Trust Accounts Fund.

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are managed through a trust indenture between the County and the trustee related to the payment of debt for hospital bonds.

As of September 30, 2019, investment balances held by the trustee consisted of:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Mutual Funds	Less than one year	\$ 2,174,966	AAAm

# MONROE COUNTY

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

### (4) Intergovernmental Receivables.

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

Description	Amount
Governmental Activities:	
Reimbursement for housing prisoners - Amory	\$ 2,120
Reimbursement for housing prisoners - Aberdeen	6,010
Reimbursement for housing prisoners - Smithville	200
Reimbursement for housing prisoners - U.S. Marshall's Service	1,120
Reimbursement for housing prisoners - State of Mississippi	16,800
State of Mississippi - MEMA	2,324,825
State of Mississippi - Dept. of Archives and History	12,467
State of Mississippi - Legislative tag credit	232,627
State of Mississippi - CMRSB	22,324
Total	<u>\$ 2,618,493</u>

### (5) Accounts and Fines Receivable.

At September 30, 2019, accounts and fines receivable consisted of:

	Governmental Activities			Business-type Activities	
	General Fund	Other Governmental Funds	Total	Solid Waste Fund	Total
Other receivables	\$ 5,647	19,912	25,559	1,228,368	1,228,368
Allowance for uncollectibles				(678,567)	(678,567)
Other receivables, net	<u>\$ 5,647</u>	<u>19,912</u>	<u>25,559</u>	<u>549,801</u>	<u>549,801</u>
Fines receivable	\$ 1,954,428		1,954,428		
Allowance for uncollectibles	<u>(1,670,027)</u>		<u>(1,670,027)</u>		
Fines receivable, net	<u>\$ 284,401</u>	<u>0</u>	<u>284,401</u>		

### (6) Capital Leases Receivable.

On December 27, 2001, Monroe County entered into a capital lease agreement with Herman and Patty Tomlin for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$30,180 per year in lease payments, commencing January, 2002, for a term of twenty years. At the end of the lease term, Herman and Patty Tomlin have the option to purchase the building for \$1. At September 30, 2019, the principal balance owed on the lease was \$64,830.

On March 1, 2010, Monroe County entered into a capital lease agreement with Homestretch, Inc. for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$66,295 to \$140,209 per year in lease payments, commencing April, 2010, for a term of fifteen years. At the end of the lease term, Homestretch, Inc. has the option to purchase the building for \$1. At September 30, 2019, the principal balance owed on the lease was \$672,483.

# MONROE COUNTY

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

On October 31, 2018, Monroe County entered into a capital lease agreement with Homestretch, Inc. for the lease of land valued at \$43,555. The capital lease stipulated that the lessee would pay \$450.27 per month in lease payments, commencing November, 2018 for a term of ten years. At the end of the lease term, Homestretch, Inc. has the option to purchase the land for \$100. At September 30, 2019, the principal balance owed on the lease was \$40,067.

On June 1, 2013, Monroe County entered into a capital lease agreement with United Furniture for the lease of a building. The capital lease stipulated that the lessee would pay approximately \$136,096 per year in lease payments, commencing July, 2013, for a term of fifteen years. At the end of the lease term, United Furniture has the option to purchase the building for \$1. At September 30, 2019, the principal balance owed on the lease was \$461,834.

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

<u>Year Ended September 30:</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 278,882	32,640
2021	287,174	24,359
2022	266,186	16,065
2023	204,564	8,716
2024	129,692	4,196
2025-2029	<u>72,716</u>	<u>1,654</u>
Total	<u>\$ 1,239,214</u>	<u>87,630</u>

### (7) Capital Assets.

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

	<u>Balance</u> <u>Oct. 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>Sept. 30, 2019</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,608,076				1,608,076
Construction in progress	<u>46,820</u>	<u>1,282,234</u>		<u>(249,177)</u>	<u>1,079,877</u>
Total capital assets, not being depreciated	<u>1,654,896</u>	<u>1,282,234</u>	<u>0</u>	<u>(249,177)</u>	<u>2,687,953</u>
Capital assets, being depreciated:					
Buildings	17,347,046				17,347,046
Improvements other than buildings	2,477,803			249,177	2,726,980
Mobile equipment	9,436,367	146,169	(39,025)	384,958	9,928,469
Furniture and equipment	1,676,834	109,558	(66,178)	19,222	1,739,436
Property under capital leases	1,980,265	775,535	(539,928)	(384,958)	1,830,914
Infrastructure	<u>113,686,654</u>				<u>113,686,654</u>
Total capital assets being depreciated	<u>146,604,969</u>	<u>1,031,262</u>	<u>(645,131)</u>	<u>268,399</u>	<u>147,259,499</u>

(Continued)

MONROE COUNTY

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

	Balance Oct. 1, 2018	Increases	Decreases	Transfers	Balance Sept. 30, 2019
Less: Accumulated depreciation for:					
Buildings	7,365,228	266,037			7,631,265
Improvements other than buildings	1,462,237	85,781			1,548,018
Mobile equipment	6,807,527	460,240	(35,123)	345,206	7,577,850
Furniture and equipment	1,441,523	44,623	(53,442)		1,432,704
Property under capital leases	1,059,784	370,275	(291,561)	(327,906)	810,592
Infrastructure	73,783,394	405,060			74,188,454
Total accumulated depreciation	<u>91,919,693</u>	<u>1,632,016</u>	<u>(380,126)</u>	<u>17,300</u>	<u>93,188,883</u>
Total capital assets, being depreciated, net	<u>54,685,276</u>	<u>(600,754)</u>	<u>(265,005)</u>	<u>251,099</u>	<u>54,070,616</u>
Governmental activities capital assets, net	\$ <u>56,340,172</u>	<u>681,480</u>	<u>(265,005)</u>	<u>1,922</u>	<u>56,758,569</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ <u>76,880</u>	<u>109,231</u>			<u>186,111</u>
Total capital assets, not being depreciated	<u>76,880</u>	<u>109,231</u>	<u>0</u>	<u>0</u>	<u>186,111</u>
Capital assets, being depreciated:					
Mobile equipment	2,267,404	139,566	(29,891)	207,649	2,584,728
Furniture and equipment	26,209				26,209
Property under capital leases	1,370,437			(226,871)	1,143,566
Total capital assets being depreciated	<u>3,664,050</u>	<u>139,566</u>	<u>(29,891)</u>	<u>(19,222)</u>	<u>3,754,503</u>
Less: Accumulated depreciation for:					
Mobile equipment	1,492,903	213,813	(26,902)	186,884	1,866,698
Furniture and equipment	23,588				23,588
Property under capital leases	904,640	205,482		(204,184)	905,938
Total accumulated depreciation	<u>2,421,131</u>	<u>419,295</u>	<u>(26,902)</u>	<u>(17,300)</u>	<u>2,796,224</u>
Total capital assets, being depreciated, net	<u>1,242,919</u>	<u>(279,729)</u>	<u>(2,989)</u>	<u>(1,922)</u>	<u>958,279</u>
Business-type activities capital assets, net	\$ <u>1,319,799</u>	<u>(170,498)</u>	<u>(2,989)</u>	<u>(1,922)</u>	<u>1,144,390</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 115,222
Public safety	364,421
Public works	1,078,676
Health and welfare	38,006
Economic development	<u>35,691</u>
Total governmental activities	\$ <u>1,632,016</u>
Business-type activities:	
Solid waste	\$ <u>419,295</u>

# MONROE COUNTY

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

At September 30, 2019, assets recorded under capital leases were as follows:

Asset:	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 1,830,914	1,143,566
Less: Accumulated depreciation	(810,592)	(905,938)
Total	\$ <u>1,020,322</u>	<u>237,628</u>

In connection with the acquisition of capital assets through lease purchase, the County incurred in the current year interest cost of \$19,176 in the governmental activities and \$6,272 in the business-type activities, none of which was capitalized.

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of construction of a facility to be leased to an industry. At September 30, 2019, the estimated remaining costs to complete was \$400,000, with expected completion date of April, 2020.

### (8) Deferred Outflows of Resources.

The County reports the following items in this category:

#### Government-wide Statement of Net Position/Proprietary Fund Statement of Net Position:

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. Refer to Note 9 for additional details.

### (9) Defined Benefit Pension Plan.

#### General Information about the Pension Plan.

Plan Description - Monroe County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

## MONROE COUNTY

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

**Benefits Provided** - 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 2.00% 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 2.50% for each additional year of credited 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 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 percent compounded for each fiscal year thereafter.

**Contributions** - Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2019, member employees were required to contribute 9.00 percent of their annual pay, while the County's required contribution rate was 17.40 percent of annual covered payroll. The County's employer contributions to PERS for the years ended September 30, 2019, 2018 and 2017 were \$1,155,955, \$1,119,789 and \$1,099,219, respectively. The contributions for each year met the required contributions.

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

At September 30, 2019, Monroe County reported a liability of \$19,296,988 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 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the County's reported proportionate share was .109692 percent. The County's June 30, 2018 proportionate share was .110181 percent, which was a decrease of 0.000489 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, Monroe County recognized pension expense of \$2,102,209.



# MONROE COUNTY

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

At September 30, 2019, Monroe County reported as a component of pension expense, deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,466	20,444
Net difference between projected and actual earnings on pension plan investments		217,480
Changes of assumptions	189,144	
Changes in proportion and differences between county contributions and proportionate share of contributions	230,377	69,646
County contributions subsequent to the measurement date	315,572	
Total	\$ 746,559	307,568

\$315,572 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 224,213	15,969
2021	155,479	366,208
2022	51,295	13,491
2023		(88,100)
Total	\$ 430,987	307,568

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included 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 RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, set forward one year for males.

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

# MONROE COUNTY

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Fixed Income	20.00	1.50
Global Equity	12.00	5.00
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. 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 of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents Monroe County's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) 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	\$ 25,366,558	\$ 19,296,988	\$ 14,287,101

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

# MONROE COUNTY

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

### (10) Risk Management.

#### Workers' Compensation Benefits.

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 with a one-time \$750,000 deductible, which completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019 to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

#### Health and Accident Benefits.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. The County finances its exposure to these risks through a self-funded insurance plan. On July 1, 2012, Monroe County established a self-funded insurance plan for its employees. Under the plan, amounts payable to the risk management fund are based on actuarial estimates. The County pays the premium for its employees. Employees may purchase additional or dependent coverage and pay the additional premium through a payroll deduction. Premium payments are based on an actuarial calculation. The County has minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The County has implemented the following plans to minimize this potential loss:

The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$75,000, and the aggregate policy covers all submitted claims in excess of \$1,747,176.

The County has collected an additional charge for expected future catastrophic losses. This additional charge has resulted in the Internal Service Fund's \$1,013,770 net position at September 30, 2019, being designated for future catastrophic losses.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2019, the amount of these liabilities was \$200,137. An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2015-2016	\$ 151,704	1,344,597	1,447,821	48,480
2016-2017	\$ 48,480	1,505,540	1,488,841	65,179
2017-2018	\$ 65,179	1,643,617	1,599,976	108,820
2018-2019	\$ 108,820	1,292,379	1,201,062	200,137

# MONROE COUNTY

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

### (11) Long-term Debt.

Long-term Debt Outstanding at Year-End.

The County had the following types of long-term debt outstanding as of September 30, 2019:

**General Obligation Bonds** - General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities and are backed by the full faith, credit and taxing power of the County. The County levies a tax on all taxable property in the County in an amount adequate to meet the required principal and interest payments on the bonds.

**Limited Obligation Bonds** - Limited obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities and are not backed by the full faith, credit and taxing power of the County. In the case of Monroe County, the asset acquired from the issuance of the bonds was a hospital. The County levies a tax on taxable property in Districts three and four in the County in an amount adequate to meet the required principal and interest payments on the bonds.

**Capital Leases** - The County has entered into numerous lease-purchase agreements to finance the purchase of certain equipment as described below. The lease terms vary, but all agreements include a cancellation clause based on unavailability of funds.

**Other Loans** - The County has entered into loan agreements primarily with the State of Mississippi in order to construct or acquire facilities to be used for economic development purposes. These facilities are then leased to the companies with payments from the companies being used to repay the principal and interest on the debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General obligation refunding bonds, Series 2015	\$ 1,075,000	.75/2.35%	09/30/2022
Road and bridge bond of 2013	1,320,000	1.25/1.50%	08/01/2023
Lane Furniture refunding bonds, Series 2011B	<u>875,000</u>	2.00/5.00%	10/01/2021
Total General Obligation Bonds	<u>\$ 3,270,000</u>		
B. Limited Obligation Bonds:			
Hospital, Series 2019 A bonds	\$ 1,535,000	1.65/5.0%	07/01/2026
Hospital, Series 2019 B bonds	<u>645,000</u>	3.85/6.0%	07/01/2026
Total Limited Obligation Bonds	<u>\$ 2,180,000</u>		

(Continued)

MONROE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Capital Leases:			
Cradle boom	\$ 1,058	2.11%	10/14/2019
Tractor/five cutters	2,558	2.11%	10/14/2019
International truck	5,029	2.06%	02/27/2020
Addressing system	21,355	2.09%	02/24/2020
Fire truck	27,704	2.01%	05/29/2020
International truck	14,010	1.65%	07/19/2020
Fire truck	44,623	1.65%	07/19/2020
Four dump trucks	579,912	3.64%	07/18/2023
Three Mack trucks	80,141	1.63%	10/11/2020
Computer system - Sheriff's Office	14,237	2.29%	01/13/2020
Paver	181,315	3.64%	09/01/2023
Total Capital Leases	\$ 971,942		
D. Other Loans:			
Homestretch, LLC	\$ 905,622	3.00%	03/01/2030
United Furniture	463,574	3.00%	04/01/2023
Various construction projects	131,710	4.95%	02/01/2030
Total Other Loans	\$ 1,500,906		
Business-type Activities:			
Capital Leases:			
Two garbage trucks	\$ 32,571	2.16%	02/01/2020
Roll off carts	19,042	1.79%	02/19/2020
International truck	38,982	2.01%	04/21/2020
Two garbage trucks	62,595	1.66%	04/26/2020
Total Capital Leases	\$ 153,190		

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 increases 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 4.56% of the latest property assessments.

MONROE COUNTY

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

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	Balance Sept. 30, 2019	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 549,498	13,701		563,199	
General obligation bonds	4,345,000		1,075,000	3,270,000	1,095,000
Less: Discount	(5,865)		(2,014)	(3,851)	
Limited obligation bonds	2,525,000	2,180,000	2,525,000	2,180,000	295,000
Less: Discount	(21,533)		(21,533)	0	
Capital leases	1,029,175	775,535	832,768	971,942	305,935
Other loans	1,818,383		317,477	1,500,906	330,077
Total	\$ 10,239,658	2,969,236	4,726,698	8,482,196	2,026,012
Business-type Activities:					
Compensated absences	\$ 39,050	46		39,096	
Capital leases	505,831		352,641	153,190	153,190
Total	\$ 544,881	46	352,641	192,286	153,190

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, the E-911 fund, the countywide road maintenance fund and the solid waste fund.

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

Governmental Activities: Year Ending September 30:	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 1,095,000	73,059	295,000	56,982
2021	1,115,000	43,529	290,000	52,310
2022	720,000	18,952	300,000	44,966
2023	340,000	5,100	310,000	37,165
2024			320,000	28,779
2025-2027			665,000	29,811
Total	\$ 3,270,000	140,640	2,180,000	250,013

(Continued)

# MONROE COUNTY

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

Year Ending September 30:	Other Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2020	\$ 330,077	41,372	305,935	27,625
2021	203,304	32,621	111,430	22,277
2022	210,047	25,878	109,082	18,382
2023	159,446	19,772	445,495	12,275
2024	85,042	14,786		
2025-2029	456,086	36,065		
2030	56,904			
Total	<u>\$ 1,500,906</u>	<u>170,494</u>	<u>971,942</u>	<u>80,559</u>

### Business-type Activities:

Year Ending September 30:	Capital Leases	
	Principal	Interest
2020	\$ 153,190	806
Total	<u>\$ 153,190</u>	<u>806</u>

### Current Year Defeasance of Debt:

In fiscal year 2019, the County issued 2019A and 2019B Hospital Limited Obligation Refunding Bonds to refund the 2011A and 2011B Hospital Limited Obligation Refunding Bonds. Each of the bonds refunded had a call provision allowing the County to pay off the outstanding balance of the issues. At the issuance of the 2019A and 2019B Hospital Limited Obligation Refunding Bonds, the proceeds and the amounts in the 2011A and 2011B Hospital Limited Obligation Refunding Bonds debt service reserve accounts were used to refund the 2011A and 2011B Hospital Limited Obligation Refunding Bonds. The refunding of the issues resulted in a savings of \$355,013 and an economic gain of \$320,413.

### (12) Deferred Inflows of Resources.

The County reports the following items in this category:

#### Government-wide Statement of Net Position:

- Property tax for future reporting period. This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- 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. Refer to Note 9 for additional details.
- Unearned interest on capital leases receivable. This item represents the interest portion of the capital lease receivable that is not currently available. This amount will be recognized as it becomes available over the life of the related capital lease.

## MONROE COUNTY

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

#### Governmental Funds Balance Sheet:

- Property tax for future reporting period. This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- Unavailable revenue - fines. This amount represents the portion of fines receivable that does not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.
- Unavailable revenues - principal and interest on capital leases. This amount represents funds that do not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.

#### (13) Operating Leases.

At September 30, 2019, assets leased under these leases are as follows:

As Lessor:

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$127,587 for the year ended September 30, 2019.

On September 15, 1963, Monroe County entered into a non-cancellable operating lease agreement with True Temper Corporation for the lease of a building jointly owned by the City of Amory and Monroe County. The lease stipulated the lessee would pay the County \$11,000 per year for 20 years. At the end of the lease term, the lessee has the right to renew the lease for up to 15 additional five-year periods. The County has received \$6,500 per year since 2008.

On December 31, 1964, Monroe County entered into a non-cancellable operating lease agreement with the Continental Oil Company for the lease of a building owned by the County. The lease stipulated the lessee would pay the county \$10,000 per year for a period of 25 years. At the end of the lease term, the lessee has the right to renew the lease for up to seven additional ten-year periods. Currently, the lease is with Axiall Corp. The County has been receiving \$10,000 per year since 2008.

On February 1, 2010, Monroe County entered into a non-cancellable operating lease agreement with the Sav-A-Life of Monroe County for the lease of office space at the Monroe County Government Complex in Amory. The lease stipulated the lessee would pay the County \$200 per month for two years. The lease automatically renews for successive one-year periods unless either party provides written notice of intent not to renew 60 days prior to the end of any term.

On March 26, 2009, Monroe County entered into a non-cancellable agricultural operating lease agreement with Dennis Jackson for the lease of 33 acres at the Monroe County Airport. The lease stipulated the lessee would pay the County \$925 per year for three years. Currently, the lease has expired but the lessee has continued to pay the County \$1,785 and the County is in the process of executing a new agricultural lease.

On August 30, 2011, Monroe County entered into a non-cancellable operating lease agreement with the Pioneer Community Hospital of Aberdeen for the lease of the hospital; jointly owned by the City of Aberdeen and Monroe County. The lease stipulated the lessee would pay the County \$7,500 per month for ten years.



# MONROE COUNTY

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

The County owns six hangers at the Monroe County Airport which it leases for a period of ten years at rates of \$100 to \$115 per month. The total received in 2019 was \$16,902. This approximates the amount received each year.

The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30:</u>	<u>Amount</u>
2020	\$ 127,587
2021	127,587
2022	127,587
2023	127,587
2024	<u>127,587</u>
Total Minimum Payments Required	<u>\$ 637,935</u>

### As Lessee:

The County makes payments for property it leases under non-cancellable operating leases. The total amount paid for these leases was \$77,891 for the year ended September 30, 2019.

On August 1, 2018, Monroe County entered into a non-cancellable operating lease agreement with Tubbs Properties for the lease of a building to be used by the Department of Human Services in Amory. The lease stipulated the County would pay the lessor \$1,448 per month for four years. At the end of the lease term, the County has the right to renew the lease for an additional four years at an amount to be agreed upon.

On August 1, 2017, Monroe County entered into a non-cancellable operating lease agreement with N J & G, LLC, for the lease of a building to be used by the Department of Human Services in Aberdeen. The lease stipulated the County would pay the lessor \$3,600 per month for four years. At the end of the lease term, the County has the right to renew the lease for an additional four years at an amount to be agreed upon.

On October 12, 2012, Monroe County entered into a non-cancellable operating lease agreement with Bobby and Barbara Brisco for the lease of a building to be used by the Cooperative Extension Service. The lease stipulated the County would pay the lessor \$1,901 per month for ten years. At the end of the lease term, the County has the right to renew the lease for two additional five-year terms at an amount to be agreed upon.

The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30:</u>	<u>Amount</u>
2020	\$ 79,792
2021	79,792
2022	79,792
2023	79,792
2024	<u>79,792</u>
Total Minimum Payments Required	<u>\$ 398,960</u>

# MONROE COUNTY

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

### (14) Interfund Transactions and Balances.

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance	General Fund	\$ 97,836
Other Governmental Funds	General Fund	33,378
Other Governmental Funds	Countywide Road Maintenance	1,620,000
Solid Waste	General Fund	2,942
Agency Funds	General Fund	<u>26,605</u>
Total		<u>\$ 1,780,761</u>

Amounts listed are the tax revenues, Justice Court and Circuit Clerk fees collected September, 2019 and settled October, 2019, and a temporary loan to cover expenditures related to a disaster (\$1,620,000). When reimbursement is received, the loan will be repaid.

#### B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 103,904
Internal Service Fund	Countywide Road Maintenance	<u>95,847</u>
Total		<u>\$ 199,751</u>

This represents the amount owed by the Countywide Road Maintenance Fund for its pro-rata share of medical claims expenses and the amount owed to the General Fund for start-up costs.

#### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 287,500
Other Governmental Funds	Other Governmental Funds	<u>672,974</u>
Total		<u>\$ 960,474</u>

The purpose of the transfers was to transfer tax collections to trustee accounts and transfers for budget purposes. The transfers were routine and consistent with the activities of the fund making the transfer.

## MONROE COUNTY

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

#### (15) Joint Venture.

The county participates in the following joint venture:

Monroe County is a participant with the City of Aberdeen in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Aberdeen-Monroe County Hospital. The joint venture was created to provide medical care and is governed by a board of directors, composed of five members; two appointed by the County, two appointed by the City of Aberdeen, and a fifth jointly appointed. Effective July 6, 2011, Monroe County and the City of Aberdeen authorized the execution of a lease agreement with Pioneer Health Service of Monroe County, Inc., for the Aberdeen-Monroe County Hospital and its related facilities. The lease agreement is for a term of ten years, with an option to renew.

#### (16) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Tombigbee Regional Library System operates in a district composed of the Counties of Choctaw, Clay, Monroe and Webster. The Monroe County Board of Supervisors appoints two of the five members of the library board of trustees. The County appropriated \$105,000 for maintenance and support of the library 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 governing body is a 40-member board of directors, with five appointed by the Board of Supervisors of each member County. The County appropriated \$50,061 for maintenance and support of the district in fiscal year 2019.

Northeast Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc and Union. The board of commissioners consists of one appointee from each County's Board of Supervisors. The County appropriated \$46,000 for maintenance and support of the commission in fiscal year 2019.

Itawamba Community College operates in a district composed of the Counties of Chickasaw, Itawamba, Lee, Monroe and Pontotoc. The governing body is a 30-member board of trustees, with six appointed by the Board of Supervisors of each member County. Monroe County appropriated \$1,980,378 for maintenance and support of the college in fiscal year 2019.

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 authority is governed by a 14-member board, with one appointed by each member. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste deposited.

Lift, Inc., operates in a district composed of the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Monroe County Board of Supervisors appoints one of the 24 members of the board of directors. The County did not receive a request for funding in fiscal year 2019.

# MONROE COUNTY

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

### (17) Related Organizations.

The Monroe County Board of Supervisors created districts to provide fire protection services to the County. The board appoints the commissioners of each district, but the County's accountability for the districts does not extend beyond making the appointments. Each district receives the avails of a two-mill tax levy on the real property in the district and an annual appropriation from the County in the amount of \$5,000. Monroe County appropriated \$41,086 for the operations of the four districts in fiscal year 2019. The districts are as follows:

<u>District</u>	<u>Enabling Legislation</u>	<u>Funding</u>
Cason Fire District	Section 19-5-151, Miss. Code Ann. (1972)	\$10,481
Sipsey River Fire District	Section 19-5-151, Miss. Code Ann. (1972)	\$ 6,684
Splunge Fire District	Section 19-5-151, Miss. Code Ann. (1972)	\$ 6,723
Wren Grading District	Section 19-5-223, Miss. Code Ann. (1972)	\$17,198

### (18) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Monroe County Board of Supervisors negotiates property tax abatements on an individual basis. Abatements are for five to ten years and are for economic development purposes. The County had tax abatement agreements with seventeen entities as of September 30, 2019.

The County had three types of abatements, none of which provides for the abatement of school or state tax levies:

#### Sections 27-31-101 and 27-31-105, Miss. Code Ann. (1972)

All allowable property tax levies

All allowable property tax levies except for countywide road fund tax levy

There are sixteen companies that have tax abatements under these statutes.

#### Section 27-31-104, Miss. Code Ann. (1972)

Payments in lieu of taxes

There is one company that has tax abatements under this statute.

<u>Category</u>	<u>Percent of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of a manufacturing facility	81.00%	\$ 1,329,332
Construction and expansion of a storage facility	33.33%	\$ 399,257

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

## MONROE COUNTY

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

#### (19) 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.

#### (20) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$13,466,412) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$292,914 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 \$381,948 balance of deferred outflow of resources at September 30, 2019, will be recognized as pension expense and will decrease the unrestricted net position over the next three years.

The governmental activities' unrestricted net position amount of (\$13,466,412) includes the effect of deferring the recognition of income resulting from a deferred inflow from pensions. The \$285,896 balance of deferred inflows of resources at September 30, 2019, will be recognized as a reduction in pension expense and will increase the unrestricted net position over the next four years.

The governmental activities' unrestricted net position amount of (\$13,466,412) includes the effect of deferring the recognition of revenue resulting from capital leases receivable. The \$87,630 balance of deferred inflows of resources at September 30, 2019, will be recognized as revenue and will increase the unrestricted net position over the next five years.

The governmental activities' net investment in capital assets net position of \$51,029,780 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$10,208 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets net position over the next three years.

The business-type activities' restricted to public works net position amount of \$641,117 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$22,658 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 \$49,039 balance of deferred outflow of resources at September 30, 2019, will be recognized as pension expense and will decrease the unrestricted net position over the next three years.

The business-type activities' restricted to public works net position amount of \$641,117 includes the effect of deferring the recognition of income resulting from a deferred inflow from pensions. The \$21,672 balance of deferred inflows of resources at September 30, 2019, will be recognized as a reduction in pension expense and will increase the unrestricted net position over the next four years.

## MONROE COUNTY

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

#### (21) Subsequent Events.

GAAP requires the County to evaluate events that occur subsequent to the date of the Statement of Net Position but before the financial statements are issued (subsequent events). Such events that provide additional evidence with respect to conditions that existed as of the Statement of Net Position date are recognized in the accompanying financial statements. However, subsequent events that provide evidence with respect to conditions that did not exist at the Statement of Net Position date but arose subsequently, and are of such a nature that their disclosure is essential to the user's understanding of the financial statements, are required to be disclosed herein. Management of Monroe County evaluated the County's activity and events that occurred through February 28, 2020, and determined the following event meets the disclosure requirements:

The County was involved in litigation related to the assessed value of certain property. A decision has been rendered and the County has filed motions relating to the decision. The County's legal counsel states that if the motions fail, the County will likely file an appeal. The basis for the liability will be the final decision relating to the assessed value of the property.

MONROE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 9,481,240	9,297,288	9,297,288	
Licenses, commissions and other revenue	534,630	513,215	513,215	
Fines and forfeitures	391,850	342,264	342,264	
Intergovernmental revenues	1,672,302	1,773,375	1,773,375	
Charges for services	227,000	214,526	214,526	
Interest income	87,000	156,578	156,578	
Miscellaneous revenues	115,345	154,036	154,036	
Total Revenues	<u>12,509,367</u>	<u>12,451,282</u>	<u>12,451,282</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,395,490	4,987,309	4,987,309	
Public safety	5,514,914	4,968,430	4,968,430	
Public works	109,949	354,559	354,559	
Health and welfare	320,126	296,477	296,477	
Culture and recreation	108,000	107,500	107,500	
Conservation of natural resources	204,959	179,433	179,433	
Economic development and assistance	432,769	390,839	390,839	
Debt service:				
Principal	132,300	168,163	168,163	
Interest	3,275	10,520	10,520	
Total Expenditures	<u>12,221,782</u>	<u>11,463,230</u>	<u>11,463,230</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>287,585</u>	<u>988,052</u>	<u>988,052</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	2,500	100	100	
Compensation for loss of capital assets	10,000	69,267	69,267	
Transfers in		17,635	17,635	
Transfers out		(287,500)	(287,500)	
Total Other Financing Sources and Uses	<u>12,500</u>	<u>(200,498)</u>	<u>(200,498)</u>	<u>0</u>
Net Change in Fund Balance	300,085	787,554	787,554	0
Fund Balances - Beginning	<u>70,508</u>	<u>7,074,430</u>	<u>7,074,430</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 370,593</u>	<u>7,861,984</u>	<u>7,861,984</u>	<u>0</u>

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



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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,513,075	4,585,372	4,585,372	
Road and bridge privilege taxes	445,340	444,121	444,121	
Fines and forfeitures	100			
Intergovernmental revenues	2,634,398	939,138	939,138	
Charges for services	4,000			
Interest income	45,000	61,812	61,812	
Miscellaneous revenues	4,050	11,885	11,885	
Total Revenues	<u>7,645,963</u>	<u>6,042,328</u>	<u>6,042,328</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	5,824,655	7,346,758	7,346,758	
Debt service:				
Principal	203,905	214,410	214,410	
Interest	26,793	13,919	13,919	
Total Expenditures	<u>6,055,353</u>	<u>7,575,087</u>	<u>7,575,087</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>1,590,610</u>	<u>(1,532,759)</u>	<u>(1,532,759)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sales of assets	25,000	82,485	82,485	
Transfer in	1,000			
Total Other Financing Sources and Uses	<u>26,000</u>	<u>82,485</u>	<u>82,485</u>	<u>0</u>
Net Change in Fund Balance	1,616,610	(1,450,274)	(1,450,274)	0
Fund Balances - Beginning	<u>150,000</u>	<u>2,653,518</u>	<u>2,653,518</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,766,610</u>	<u>1,203,244</u>	<u>1,203,244</u>	<u>0</u>

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

MONROE COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years \* - UNAUDITED  
For the Year Ended September 30, 2019

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.109692 %	0.110181 %	0.107959 %	0.105046 %	0.102622 %	0.105192 %
County's proportionate share of the net pension liability (asset)	\$ 19,296,988	18,326,374	17,946,450	18,763,839	15,863,338	12,768,382
County's covered payroll	\$ 7,140,940	7,035,664	6,936,318	6,720,018	6,411,192	6,447,563
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.2303618 %	260.4782434 %	258.7316498 %	279.223047 %	247.43196 %	198.034234 %
Plan fiduciary net position as a percentage of the total pension liability	61.59 %	62.54 %	61.49 %	57.467727 %	61.703983 %	67.207687 %

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

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

MONROE COUNTY  
Schedule of the County's Contributions  
PERS  
Last 10 Fiscal Years\*\* - UNAUDITED  
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	\$ 1,155,955	1,119,789	1,099,219	1,066,214	1,019,179	970,776
Contributions in relation to the contractually required contribution	<u>1,155,955</u>	<u>1,119,789</u>	<u>1,099,219</u>	<u>1,066,214</u>	<u>1,019,179</u>	<u>970,776</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
County covered payroll	\$ 7,141,063	7,106,747	6,979,169	6,769,621	6,470,979	6,163,657
Contributions as a percentage of covered payroll	16.19*	15.75%	15.75%	15.75%	15.75%	15.75%

\* Until July 1, 2019, contributions were 15.75%  
Subsequent to July 1, 2019, contributions were 17.40%

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

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

## MONROE COUNTY

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

(1) Budget.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

MONROE COUNTY

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

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

	Governmental Fund Types	
	General Fund	Countywide Road Maintenance Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ 787,554	(1,450,274)
Increase (decrease):		
Net adjustments for revenue accruals	166,065	2,253,402
Net adjustments for expenditure accruals	(32,324)	(1,075,449)
Net adjustment for other financing sources/uses	(87,002)	1,172,420
Net Change in Fund Balance GAAP Basis	\$ <u>834,293</u>	<u>900,099</u>

Any line item that had an excess of actual over budget was the result of audit reclassification entries.

(2) Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions.

A. 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.

B. Changes of Assumptions.

2015

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

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

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

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

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

MONROE COUNTY

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

2016

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

2017

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

The wage inflation 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%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.  
For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.  
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.  
For females, 115% of female rates at all ages.  
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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%.

MONROE COUNTY

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

Methods 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

## MONROE COUNTY

## SUPPLEMENTARY INFORMATION



MONROE COUNTY  
Schedule of Expenditures of Federal Awards  
September 30, 2019

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-through entity Identifying Number	Federal Disbursements /Expenditures
U.S. Department of Agriculture-Natural Resources Conservation Service				
Cooperative Agreement	10.923	NR184423XXXXXC009	N/A	\$ 29,493
Cooperative Agreement	10.923	NR184423XXXXXC016	N/A	23,027
Cooperative Agreement	10.923	NR184423XXXXXC028	N/A	56,931
				<u>109,451</u>
U.S. Department of Housing and Urban Development - passed through the Mississippi Development Authority				
Community Development Block Grant/State's Programs *	14.228	1135-018-048-ED-01		1,065,226
Community Development Block Grant/State's Programs	14.228	1134-017-048-PF-01		157,226
				<u>1,222,452</u>
United States Department of Transportation- Federal Aviation Administration - Airport Improvement Grant	20.106	AIP 3-28-0001-016-2018	N/A	163,320
				<u>163,320</u>
United States Department of Homeland Security Passed through the Mississippi Emergency Management Agency				
Hazard Mitigation Grants *	97.039	4450-DR-MS	095-99095-00	1,965,994
Hazard Mitigation Grants	97.039			50,000
Performance Grants	97.042			39,623
Total U. S. Department of Homeland Security				<u>2,055,617</u>
Total Expenditures of Federal Awards			\$	<u>3,550,840</u>

\* Denotes major program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Monroe County under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Monroe County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Monroe County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Monroe County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## MONROE COUNTY

## OTHER INFORMATION

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

Name	Position	Company	Bond
Michael Richardson	Supervisor - District 1	Western Surety	\$100,000
Billy Kirkpatrick	Supervisor - District 2	Western Surety	\$100,000
G. Chism	Supervisor - District 3	Old Republic	\$100,000
Fulton Ware	Supervisor - District 4	Western Surety	\$100,000
Hosea Bogan	Supervisor - District 5	Western Surety	\$100,000
Robert Prisock	County Administrator	Old Republic	\$100,000
Ronnie Boozer	Chancery Clerk	Brierfield	\$100,000
John Carl Cadden	Purchase Clerk	Western Surety	\$75,000
Angela Thompson	Assistant Purchase Clerk	Old Republic	\$50,000
Jay Barnes	Receiving Clerk	Old Republic	\$75,000
Robert Bryan	Assistant Receiving Clerk	Old Republic	\$50,000
Lillian White	Assistant Receiving Clerk	Old Republic	\$50,000
Kimberly Holloway	Assistant Receiving Clerk	Old Republic	\$50,000
Shauna Clark	Assistant Receiving Clerk	Old Republic	\$50,000
Laura Lee	Assistant Receiving Clerk	Old Republic	\$50,000
Wanda Guin	Assistant Receiving Clerk	Old Republic	\$50,000
Tiffany Comer	Assistant Receiving Clerk	Old Republic	\$50,000
Kay Watson	Inventory Control Clerk	Old Republic	\$75,000
Olyn Clay	Road Manager	Western Surety	\$75,000
Patrick Chism	Constable	State Farm	\$50,000
Herbert Harris	Constable	Western Surety	\$50,000
Ron West	Constable	Western Surety	\$50,000
Dana Sloan	Circuit Clerk	Old Republic	\$100,000
Cecil Cantrell	Sheriff	FCCI	\$100,000
Adrian Haynes	Justice Court Judge	Western Surety	\$50,000
Robert Earl Fowlkes	Justice Court Judge	Old Republic	\$50,000
Kevin Crook	Justice Court Judge	Western Surety	\$50,000
Tina Morrow	Justice Court Clerk	RLI	\$50,000
Sheila James	Deputy Justice Court Clerk	Old Republic	\$50,000
Tiffany Comer	Deputy Justice Court Clerk	Old Republic	\$50,000
Barbara Byrd	Deputy Justice Court Clerk	Old Republic	\$50,000
Courtney Lann	Deputy Justice Court Clerk	RLI	\$50,000
Patti Crosby	Deputy Justice Court Clerk	RLI	\$50,000
Leslie Sullivan	Deputy Justice Court Clerk	Old Republic	\$50,000
Scotty Clark	Deputy Justice Court Clerk	Old Republic	\$50,000
Tyler Sanford	Deputy Justice Court Clerk	Old Republic	\$50,000
Sandra Smith	Deputy Justice Court Clerk	Central	\$50,000
Davis Hankins	Deputy Justice Court Clerk	Old Republic	\$50,000
Dylan Pickle	Deputy Justice Court Clerk	Old Republic	\$50,000
Pat Birkholz	Tax Collector	Western Surety	\$100,000
Mitzi Presley	Tax Assessor	Western Surety	\$50,000
John A. Gurley	Coroner	State Farm	\$5,000
Zoe Smith	Deputy Circuit Court Clerk	Old Republic	\$50,000
Aletha Bigham	Deputy Circuit Court Clerk	Old Republic	\$50,000
Nancy Bishop	Deputy Circuit Court Clerk	Old Republic	\$50,000

(Continued)

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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Natoya Eddie	Deputy Circuit Court Clerk	Old Republic	\$50,000
Wanda Guin	Deputy Circuit Court Clerk	Old Republic	\$50,000
Kerri Spann	Deputy Tax Assessor	Old Republic	\$10,000
Gussie Garner	Deputy Tax Assessor	Old Republic	\$10,000
Melanie Plunkett	Deputy Tax Assessor	Old Republic	\$10,000
Kimberly Holloway	Deputy Tax Assessor	Old Republic	\$10,000
Donna Pearson	Deputy Tax Collector	Old Republic	\$50,000
Constance Frye	Deputy Tax Collector	Old Republic	\$50,000
Alysia Wright	Deputy Tax Collector	Old Republic	\$100,000
Kristie Coker	Deputy Tax Collector	Old Republic	\$50,000
Jackie Baggett	Deputy Tax Collector	Old Republic	\$50,000
Shauna Clark	Deputy Tax Collector	Old Republic	\$50,000

## MONROE COUNTY

## SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676 Fax (601)939-8761  
windhamandlacey.com

P. O. Box 759  
Crystal Springs, MS 39059  
(601)892-4001 Fax (601)892-5978

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### 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  
Monroe 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 Monroe 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 February 28, 2020.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Monroe County, Mississippi's internal control over financial reporting (internal control) to determine the auditing 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Monroe 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 a certain matter that we reported to the management of Monroe County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 28, 2020, included within this document. Monroe County, Mississippi's response to the finding identified is described as part of this report.

We did not audit Monroe County, Mississippi's response and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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 County'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.



Windham and Lacey, PLLC  
February 28, 2020

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## *Certified Public Accountants*

---

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Pearl, MS 39208  
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windhamandlacey.com

P. O. Box 759  
Crystal Springs, MS 39059  
(601)892-4001 Fax (601)892-5978

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Supervisors  
Monroe County, Mississippi

#### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of Monroe County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019. Monroe County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Monroe County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and OMB Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on Monroe County, Mississippi's compliance with those requirements.

#### **Opinion on Each Major Federal Program**

In our opinion, Monroe County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.



## Report on Internal Control Over Compliance

The management of Monroe County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered Monroe County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
February 28, 2020

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---

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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  
Monroe County, Mississippi

We have examined Monroe County, Mississippi's 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 Monroe 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.

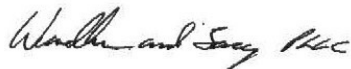
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered 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 Monroe 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 the 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, Monroe 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 the examination.

This report is intended for use in evaluating Monroe 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.



Windham and Lacey, PLLC  
February 28, 2020

MONROE COUNTY  
Schedule of Purchases Made from Other Than the Lowest Bidder  
For the Year Ended September 30, 2019

Schedule 1

The results of our tests did not identify any purchases made from other than the lowest bidder.

MONROE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2019

Schedule 2

Our test results identified the following emergency purchases:

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
06/24/2019	Bridge repair on Baratahatchie Road	\$ 34,875	Phillips Contracting	Bridge closed by MDOT

MONROE COUNTY  
Schedule of Purchases Made Noncompetitively from a Sole Source  
For the Year Ended September 30, 2019

Schedule 3

Our tests results identified the following purchases made noncompetitively from a sole source:

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
01/31/2019	Rip rap grout	\$ 6,496	MMC Materials
03/18/2019	Rip rap grout	\$ 8,352	MMC Materials
07/21/2019	Gutters and downspouts	\$ 9,165	Gumtree Gutters

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---

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windhamandlacey.com

P. O. Box 759  
Crystal Springs, MS 39059  
(601)892-4001 Fax (601)892-5978

Members:  
American Institute of CPAs  
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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Monroe County, Mississippi

In planning and performing our audit of the financial statements of Monroe County, Mississippi, for the year ended September 30, 2019, we considered Monroe 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 Monroe 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 February 28, 2020, on the financial statements of Monroe County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our finding and recommendation and your response are disclosed below:

Chancery Clerk.

#### Finding

Section 19-3-27, Miss. Code (Ann.) 1972, requires the Chancery Clerk, as clerk of the Board of Supervisors, to maintain a complete and correct record of the proceedings of the board. The minutes of each day's proceedings shall be signed by the president or vice president on or before the first Monday of the month following the day of adjournment and approved by the board as the first order of business on the first day of the next monthly meeting of the board. As of the date of fieldwork, the board minutes for a portion of fiscal year 2017, while being approved by the board and signed by the board president, had not been booked and paged in the minute books of the County. There were several months that were not complete. This failure could invalidate the actions of the board.

### Recommendations

The Chancery Clerk should take immediate steps to get the board minutes current.

### Chancery Clerk's Response

I am taking action to bring the board minutes current.

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

This report is intended solely for the information and use of management, the Board of Supervisors and others within the County 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.



Windham and Lacey, PLLC  
February 28, 2020

MONROE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



MONROE COUNTY

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

Section 1: Summary of Auditor's Results

*Financial Statements:*

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements:                        | Unmodified    |
| 2. | Internal control over financial reporting:  |               |
| a. | Material weakness identified?   | No            |
| b. | Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 3. | Noncompliance material to the financial statements?                                 | No            |

*Federal Awards:*

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
| a. | Material weakness identified?  | No            |
| b. | Significant deficiency identified that is not considered to be a material weakness?                | None Reported |
| 5. | Type of auditor's report issued on compliance for major programs:                                  | Unmodified    |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. | Federal programs identified as major programs:   |               |
|    | Hazard Mitigation Grants – CFDA #97.039  |               |
|    | Community Development Block Grants – CFDA #14.228  |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                       | \$750,000     |
| 9. | Auditee qualified as a low-risk auditee?   | No            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.