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OKTIBBEHA COUNTY
Audited Financial Statements
For the Year Ended September 30, 2019

OKTIBBEHA COUNTY
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OKTIBBEHA COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

County Administrator and Members of the Board of Supervisors
Oktibbeha County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to 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.

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units would have been presented as \$98,093,520, \$17,456,368, \$80,637,152, \$71,698,976 and \$72,593,167.

Adverse Opinion

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

Unmodified Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oktibbeha 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, is the responsibility of management and was derived from and relate 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 December 17, 2020 on our consideration of Oktibbeha County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oktibbeha 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 Oktibbeha County, Mississippi's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
December 17, 2020

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2019

INTRODUCTION

The discussion and analysis of Oktibbeha County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2019. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis are an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year has been presented as required.

Oktibbeha County is located in northeastern Mississippi. The population, according to the 2010 census is 47,671. The local economic base is mainly Manufacturing, Research/Technology, and Mississippi State University.

FINANCIAL HIGHLIGHTS

Oktibbeha County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Oktibbeha County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase.

Total net position increased \$8,330,284 which includes a prior period adjustment of \$3,226,665. This represents an increase of 36.63% from the prior fiscal year. The County's ending cash balance decreased by \$3,308,092 from the prior fiscal year.

The County had \$34,783,918 in total revenues. Property tax revenues account for \$21,948,881 or 63.10% of total revenues. Intergovernmental revenues in the form of reimbursements, shared revenue or grants, account for \$7,553,403 or 21.72% of total revenues.

The County had \$29,680,299 in total expenses, which represents a decrease of \$2,130,693 or 6.70% decrease from the prior fiscal year. Expenses in the amount of \$9,146,824 were offset by charges for services, grants or outside contributions. General revenues of \$25,637,094 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$14,787,948 in revenues and \$12,389,091 in expenditures. The General Fund's fund balance increased by \$1,798,946 which includes the excess revenues over expenses of \$2,398,857 less the decrease from the net effect of other financing sources and uses of \$599,911. The other financial sources and uses includes the compensation for loss of capital assets of \$9,034 and transfer out to other government funds of \$608,945.

Among major funds, the Countywide Road Maintenance Fund had \$3,671,763 in revenues and \$3,315,296 in expenditures. The Countywide Road Maintenance Fund's fund balance increased by \$359,251 which includes the excess of revenue over expenses of \$356,467 plus the increase from the net effect of other financing sources and uses of \$2,784 compensation for loss of capital assets.

Among major funds, the OCH 2018 Bond Refunding Fund had \$1,337,731 in revenue and \$18,199,712 in expenditures. The OCH 2018 Bond Refunding Fund's fund balance had a decrease of \$16,861,981 from the prior year which includes the excess of expenses over revenues of \$16,861,981. This is due primarily to the debt reduction of the 2009 bonds being paid in full from the prior year with refunding bond proceeds of \$16,365,000.

Among major funds, the Countywide Road & Bridge Construction Fund had \$219,460 in revenues and \$1,548,790 in expenditures. The Countywide Road & Bridge Construction Fund's fund balance had a decrease of \$1,137,593 which includes the excess of expenses over revenues of \$1,329,330 plus the increase from the net effect of other financing sources and uses which includes a transfer in from other governmental funds of \$191,737.

Capital assets, net of accumulated depreciation, increased by \$5,754,643, which includes a 3,226,665 prior period adjustment.

Long-term debt decreased by \$20,244,614. This includes the pay-off of the 2009 OCH GO bond in November 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 – Required Components of the County's Annual Report

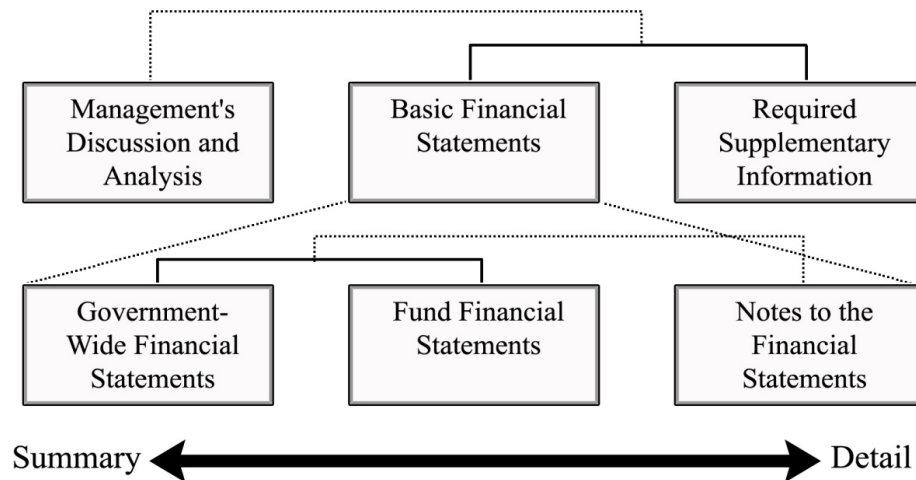


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 — Major Features of the County's Government-Wide and Fund Financial Statements

	Government Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	the County are the trustee or agent for someone else's resources
Required financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of Activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues expenditures and changes in fund balances 	Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital and short and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short and long term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). However, the County had no business-type activities. The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; conservation of natural resources; economic development; interest on long-term debt; pension expense and OPEB expense.

The Government-wide Financial Statements can be found on pages 16 and 17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 19 and 21, respectively.

The County maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 18 and 20 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 22 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 23 through 45 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 46 through 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position —Net position may serve over time as a useful indicator of government's financial position. In the case of Oktibbeha County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,072,448 as of September 30, 2019.

By far, the largest portion of the County's net position 152.52% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net position for the fiscal year ended September 30, 2019 as compared to September 30, 2018.

	Governmental Activities 2019	Governmental Activities 2018
Current assets	\$ 53,134,585	71,734,443
Capital assets, net	<u>61,373,571</u>	<u>55,618,928</u>
Total assets	<u>114,508,156</u>	<u>127,353,371</u>
Deferred outflow of resources	<u>1,189,581</u>	<u>946,823</u>
Current liabilities	3,526,330	5,412,572
Long-term liabilities	<u>61,654,928</u>	<u>82,512,329</u>
Total liabilities	<u>65,181,258</u>	<u>87,924,901</u>
Deferred inflows of resources	<u>19,444,031</u>	<u>17,633,129</u>
Net position:		
Net investment in capital assets	47,391,954	40,649,664
Restricted	17,578,656	36,156,107
Unrestricted	<u>(33,898,162)</u>	<u>(54,063,607)</u>
Total net position	<u>\$ 31,072,448</u>	<u>22,742,164</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position

The OCH 2009 long-term bond debt of \$17,295,000 was paid with refunding bond proceeds received in the prior year.

Changes in Net Position - Oktibbeha County's total revenues for the fiscal year ending September 30, 2019 were \$34,783,918. The total cost for all services provided were \$29,680,299. The total change in net position of \$8,330,284 included a current period increase of 5,103,619 and a prior period adjustment of \$3,226,665.

	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 2,471,286	2,756,445
Operating grants & contributions	4,059,636	1,314,244
Capital grants & contributions	2,615,902	1,849,485
General revenues:		
Property taxes	21,948,881	20,183,742
Road & bridge privilege taxes	479,813	463,733
Grants & contributions not restricted to to specific programs	877,865	830,070
Unrestricted Gifts & Donations	22,600	27,700
Unrestricted interest income	905,257	446,079
Miscellaneous	1,402,678	1,482,324
Total revenues	<u>34,783,918</u>	<u>29,353,822</u>
Expenses		
General government	5,891,371	5,437,238
Public safety	5,463,008	5,120,675
Public works	8,153,510	11,116,347
Health and welfare	1,720,370	1,605,150
Culture and recreation	214,813	204,577
Education	266,963	262,264
Conservation of natural resources	127,605	129,143
Economic development & assistance	3,968,744	3,339,514
Interest on long-term debt	1,534,284	2,056,209
Pension expense	2,195,495	2,349,452
OPEB expense	144,136	190,423
Total expenses	<u>29,680,299</u>	<u>31,810,992</u>
Change in net position	5,103,619	(2,457,170)
Prior period adjustment	<u>3,226,665</u>	<u>(3,577,798)</u>
Total change in net position	<u>\$ 8,330,284</u>	<u>(6,034,968)</u>

Governmental Activities - The following table presents the cost of the major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Culture and Recreation, Education, Conservation of Natural Resources Economic Development and Assistance, Interest on Long Term Debt, Pension Expense and OPEB Expense.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity). The net cost shows the financial burden that was placed on Oktibbeha County's taxpayers by each of these functions.

	Total Cost	Net Cost
General government	\$ 5,891,371	\$ 5,045,977
Public safety	5,463,008	3,068,994
Public works	8,153,510	2,570,544
Health and welfare	1,720,370	1,695,920
Culture & recreation	214,813	214,813
Education	266,963	266,963
Conservation of natural resources	127,605	127,605
Economic development & assistance	3,968,744	3,668,744
Interest on long term debt	1,534,284	1,534,284
Pension expense	2,195,495	2,195,495
OPEB expense	144,136	144,136

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds — Oktibbeha County's governmental funds reported a combined fund balance of \$29,573,735 a current period net decrease of \$17,138,407. The primary reasons for this decrease are highlighted in the analysis of governmental activities. In addition, other factors that affected ending fund balance are as follows:

Excess of expenditures over revenues of \$16,285,686; plus, the decrease of the net effect of other financing sources of \$852,721. Other financing sources include the issuance of long-term debt of \$286,160 for the purchase of new road equipment; refunding bonds issued to refinance the 2010 OCH Bonds in the amount of \$3,500,000 which will yield a saving of \$786,887 interest expense to Oktibbeha County; the premium on bonds issued of \$439,192; the compensation for loss of assets of \$11,818 and the payment to bond refunding escrow agent of \$5,089,891.

The General Fund is the principal operating fund of the County, and did have an increase in the year-end fund balance over the prior year of \$1,798,946.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

Over the course of the year, Oktibbeha County revised its annual operating budget on several occasions. Significant budget amendments are explained as follows:

Budgeted revenues from state and federal sources were amended to account for grants awarded.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of September 30, 2019, Oktibbeha County's total gross capital assets were \$127,714,770. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$7,997,520, which included an increase of \$1,960,590 in buildings, an increase of \$554,521 in mobile equipment, an increase of \$96,424 in furniture and equipment, an increase of \$286,161 in lease-purchases of equipment, an increase of \$8,845,132 of additional bridge and road projects, of which 3,343,756 was a prior period adjustment, and a decrease of \$3,745,308 in construction in process of road, bridges and buildings.

Total accumulated depreciation as of September 30, 2019 was \$66,341,199 which includes \$2,151,205 of depreciation expense for the current year. The balance in total net capital assets was \$61,373,571 at year-end.

Additional information on Oktibbeha County's capital assets is in note 6 on page 32 of this report.

Debt Administration — At September 30, 2019, Oktibbeha County had \$40,423,761 in long-term debt outstanding. This includes general obligation bonds, other loans and obligations under capital lease. Of this debt, \$2,645,588 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value unless the debt is hospital related and the limit is increased to 20%. Oktibbeha County's allowable debt limit is 20% of total assessed value. The County's outstanding debt as of September 30, 2019 was equal to 8.96% of the latest property assessments.

Additional information on Oktibbeha County's long-term debt can be found in note 11 on page 41 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

With Mississippi State University located in Oktibbeha County, the City of Starkville and the County continue to reap the benefits of the staff and now over 21,000 students living in the community almost year-round has a positive impact on the local economy. Apartment complexes continue to be built to keep up with the demand for off-campus student housing. Oktibbeha County's assessed valuation has increased greater than 4% annually which continues to have a positive impact on the county's millage rates.

Through the partnership with the Golden Triangle Economic Development Link, Oktibbeha County and the City of Starkville continue with the development of the NorthStar Industrial Park site. Garan Manufacturing's new building is now under construction in the industrial park.

With the county's partnership in the Link and MSU's continued student growth, the future looks very bright for Oktibbeha County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Emily Garrard, Oktibbeha County Administrator at P.O. Box 80285, Starkville, Mississippi 39759.

OKTIBBEHA COUNTY

FINANCIAL STATEMENTS

OKTIBBEHA COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 31,421,689
Property tax receivable	17,394,105
Accounts receivable (net of allowance for uncollectibles of \$2,490,411)	197,564
Fines receivable (net of allowance for uncollectibles of \$7,562,522)	1,751,082
Intergovernmental receivables	1,434,730
Other receivables	41,611
Inventories and prepaid items	893,804
Capital assets:	
Land and construction in progress	3,072,494
Other capital assets, net	58,301,077
Total Assets	<u>114,508,156</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,189,581
Total Deferred Outflows of Resources	<u>1,189,581</u>
LIABILITIES	
Claims payable	2,129,200
Intergovernmental payables	551,557
Accrued interest payable	412,892
Unearned revenue	101,396
Other payables	167,016
Claims and judgments payable	164,269
Long-term liabilities:	
Due within one year:	
Capital debt	1,295,588
Non-capital debt	1,350,000
Other postemployment benefits payable	790,059
Due in more than one year:	
Capital debt	12,684,631
Non-capital debt	25,093,542
Other postemployment benefits payable	1,502,645
Net pension liability	18,938,463
Total Liabilities	<u>65,181,258</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	206,823
Deferred inflows related to postemployment benefits	365,968
Deferred amount on refunding	1,477,135
Deferred revenues - property taxes	17,394,105
Total Deferred Inflows of Resources	<u>19,444,031</u>
NET POSITION	
Net investment in capital assets	47,391,954
Restricted for:	
Expendable:	
General government	438,612
Public safety	1,930,801
Public works	9,494,986
Health and welfare	77,267
Economic development and assistance	2,180,321
Debt service	3,456,669
Unrestricted	(33,898,162)
Total Net Position	<u>\$ 31,072,448</u>

The accompanying notes to financial statements are an integral part of these statements.

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

Exhibit 2

					Net (Expense) Revenue and Changes in Net Position
<u>Program Revenues</u>					
			Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government Governmental Activities</u>
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>			
Primary government:					
Governmental activities:					
General government	\$ 5,891,371	808,833	36,561	-	(5,045,977)
Public safety	5,463,008	660,316	252,922	1,480,776	(3,068,994)
Public works	8,153,510	1,002,137	3,445,703	1,135,126	(2,570,544)
Health and welfare	1,720,370	-	24,450	-	(1,695,920)
Culture and recreation	214,813	-	-	-	(214,813)
Education	266,963	-	-	-	(266,963)
Conservation of natural resources	127,605	-	-	-	(127,605)
Economic development and assistance	3,968,744	-	300,000	-	(3,668,744)
Interest on long-term debt	1,534,284	-	-	-	(1,534,284)
Pension expense	2,195,495	-	-	-	(2,195,495)
OPEB expense	144,136	-	-	-	(144,136)
Total Governmental Activities	<u>\$ 29,680,299</u>	<u>2,471,286</u>	<u>4,059,636</u>	<u>2,615,902</u>	<u>(20,533,475)</u>
General revenues:					
Property taxes				\$ 21,948,881	
Road & bridge privilege taxes				479,813	
Grants and contributions not restricted to specific programs				877,865	
Unrestricted interest income				905,257	
Unrestricted gifts and donations				22,600	
Miscellaneous				1,402,678	
Total General Revenues				<u>25,637,094</u>	
Changes in Net Position				<u>5,103,619</u>	
Net Position - Beginning, as previously reported					
Prior period adjustment				<u>3,226,665</u>	
Net Position - Beginning, as restated				<u>25,968,829</u>	
Net Position - Ending					
				\$ 31,072,448	

The accompanying notes to financial statements are an integral part of these statements.

OKTIBBEHA COUNTY
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	OCH 2018 Bond Refunding Fund	Countywide Road & Bridge Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 13,699,740	1,324,322	1,826,357	6,143,353	8,427,917	31,421,689
Property tax receivable	9,441,902	1,965,534	39,311	-	5,947,358	17,394,105
Accounts receivable (net of allowance for uncollectibles of \$2,490,411)	-	-	-	-	197,564	197,564
Fines receivable (net of allowance for uncollectibles of \$7,562,522)	1,751,082	-	-	-	-	1,751,082
Intergovernmental receivables	321,205	64,277	-	-	734,646	1,120,128
Other receivables	6,772	-	-	-	34,839	41,611
Due from other funds	-	61,539	614	-	80,704	142,857
Inventories and prepaid items	-	-	-	-	893,804	893,804
Total Assets	\$ 25,220,701	3,415,672	1,866,282	6,143,353	16,316,832	52,962,840
LIABILITIES						
Liabilities:						
Claims payable	\$ 382,164	515,116	-	601,317	630,603	2,129,200
Intergovernmental payables	520,175	31,382	-	-	-	551,557
Due to other funds	142,857	-	-	-	-	142,857
OPEB liability	556,883	89,054	-	-	144,122	790,059
Unearned revenue	-	-	-	-	101,396	101,396
Other payables	167,016	-	-	-	-	167,016
Claims and judgments payable	164,269	-	-	-	-	164,269
Total Liabilities	\$ 1,933,364	635,552	-	601,317	876,121	4,046,354
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	9,441,902	1,965,534	39,311	-	5,947,358	17,394,105
Unavailable revenue - accounts receivable	-	-	-	-	197,564	197,564
Unavailable revenue - fines receivable	1,751,082	-	-	-	-	1,751,082
Total Deferred Inflows of Resources	\$ 11,192,984	1,965,534	39,311	-	6,144,922	19,342,751
Fund balances:						
Nonspendable:						
Prepaid items	-	-	-	-	893,804	893,804
Restricted for:						
General government	-	-	-	-	438,612	438,612
Public safety	-	-	-	-	1,616,199	1,616,199
Public works	-	814,586	-	5,542,036	2,046,996	8,403,618
Health and welfare	-	-	-	-	77,267	77,267
Economic development and assistance	-	-	-	-	2,180,321	2,180,321
Debt service	-	-	1,826,971	-	2,042,590	3,869,561
Unassigned	12,094,353	-	-	-	-	12,094,353
Total Fund Balances	\$ 12,094,353	814,586	1,826,971	5,542,036	9,295,789	29,573,735
Total Liabilities and Fund Balances	\$ 25,220,701	3,415,672	1,866,282	6,143,353	16,316,832	52,962,840

The accompanying notes to financial statements are an integral part of these statements.

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 29,573,735
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 \$66,341,199.	61,373,571
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	1,751,082
Accounts receivable	197,564
Intergovernmental receivables which meet the definition of revenue recognition on the full accrual basis but do not meet the definition of revenue recognition on the modified accrual basis.	314,602
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(40,423,761)
Other postemployment benefits that were not due and payable in the current period and, therefore, were not reported in the funds.	(1,502,645)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(18,938,463)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(412,892)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,189,581
Deferred amount on refunding	(1,477,135)
Deferred inflows of resources related to postemployment benefits	(365,968)
Deferred inflows of resources related to pensions	<u>(206,823)</u>
Total Net Position - Governmental Activities	\$ <u>31,072,448</u>

The accompanying notes to financial statements are an integral part of these statements.

OKTIBBEHA 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	OCH 2018 Bond Refunding Fund	Countywide Road & Bridge Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 11,883,533	2,444,056	61,090	-	7,560,202	21,948,881
Road and bridge privilege taxes	6,444	473,367	-	-	-	479,811
Licenses, commissions and other revenue	562,081	468	11	-	34,356	596,916
Fines and forfeitures	527,477	-	-	-	1,452	528,929
Intergovernmental revenues	1,084,810	692,781	97	-	5,461,215	7,238,903
Charges for services	232,310	-	-	-	1,444,499	1,676,809
Interest income	354,101	16,482	89,457	217,857	227,361	905,258
Miscellaneous revenues	137,192	44,609	1,187,076	1,603	46,968	1,417,448
Total Revenues	14,787,948	3,671,763	1,337,731	219,460	14,776,053	34,792,955
EXPENDITURES						
Current:						
General government	5,922,697	-	-	-	478,415	6,401,112
Public safety	4,718,145	-	-	-	2,833,570	7,551,715
Public works	33,882	3,210,889	-	1,548,790	4,971,755	9,765,316
Health and welfare	503,223	-	-	-	1,255,806	1,759,029
Culture and recreation	199,599	-	-	-	15,214	214,813
Education	266,963	-	-	-	-	266,963
Conservation of natural resources	127,605	-	-	-	-	127,605
Economic development and assistance	381,359	-	-	-	3,594,649	3,976,008
Debt service:						
Principal	225,547	101,976	17,465,000	-	1,539,886	19,332,409
Interest	10,071	2,431	726,627	-	769,608	1,508,737
Bond issue costs	-	-	8,085	-	166,849	174,934
Total Expenditures	12,389,091	3,315,296	18,199,712	1,548,790	15,625,752	51,078,641
Excess of Revenues over (under) Expenditures	2,398,857	356,467	(16,861,981)	(1,329,330)	(849,699)	(16,285,686)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	-	-	-	-	286,160	286,160
Refunding bonds issued	-	-	-	-	3,500,000	3,500,000
Premiums on bonds issued	-	-	-	-	439,192	439,192
Compensation for loss of capital assets	9,034	2,784	-	-	-	11,818
Payment to bond refunding escrow agent	-	-	-	-	(5,089,891)	(5,089,891)
Transfers in	-	-	-	191,737	417,208	608,945
Transfers out	(608,945)	-	-	-	-	(608,945)
Total Other Financing Sources and Uses	(599,911)	2,784	-	191,737	(447,331)	(852,721)
Net Changes in Fund Balances	1,798,946	359,251	(16,861,981)	(1,137,593)	(1,297,030)	(17,138,407)
Fund Balances - Beginning	10,295,407	455,335	18,688,952	6,679,629	10,592,819	46,712,142
Fund Balances - Ending	\$ 12,094,353	814,586	1,826,971	5,542,036	9,295,789	29,573,735

The accompanying notes to financial statements are an integral part of these statements.

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

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (17,138,407)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$4,682,007 exceeded depreciation of \$2,151,205 in the current period.	2,530,802
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$2,824 in the current period.	(2,824)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(315,086)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(20,372)
Under the modified accrual basis of accounting used in the Governmental Funds, revenues are not recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the year end. Available means collected in the current year or within 60 days after year end to liquidate liabilities at the end of the fiscal year. However, in the Statement of Activities, which is presented on the accrual basis, revenues are recognized when they are earned. There is an intergovernmental receivable related to the construction of the safe room that do not meet the definition of recognition under the modified accrual basis of accounting but does meet the definition under the accrual basis of accounting.	314,602
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$4,225,352, which includes a bond premium of \$439,192 exceeded the debt repayments of \$24,402,410, which includes \$5,070,000 of payments to bond refunding agent.	20,177,058
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences liability	(13,246)
Decrease in accrued interest payable	88,476
Amortization of bond premium	80,802
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(2,195,495)
Recording of contributions made during the year	1,141,350
Some items reported in the Statement of Activities relating to the implementation of GASB 75 are not reported in the governmental funds. These activities include:	
Recording of OPEB expense for the current period	(144,136)
Recording of contributions made during the year	600,095
Change in Net Position of Governmental Activities	<u>\$ 5,103,619</u>

The accompanying notes to financial statements are an integral part of these statements.

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 127,292
Total Assets	<u>\$ 127,292</u>
LIABILITIES	
Intergovernmental payables	\$ 88,312
Other payables	38,980
Total Liabilities	<u>\$ 127,292</u>

The accompanying notes to financial statements are an integral part of these statements.

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Oktibbeha County Hospital

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

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

OCH 2018 Bond Refunding Fund – This fund is used to account for resources available to repay to Series 2009 General Obligation Bonds issued for construction on Oktibbeha County Hospital.

Countywide Road and Bridge Construction Fund – This fund is used to account for the proceed of the General Obligation Bonds issued during the fiscal year that are restricted for road and bridge construction.

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Prepaid Items.

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

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

I. Capital Assets.

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

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

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

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

J. Deferred Outflows/Inflows of Resources:

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements 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.

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

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, 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 revenues – property taxes/unavailable revenues – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

Deferred inflows related to OPEB – This amount represents the County's deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 9 for additional details.

K. Pensions.

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

L. Postemployment benefits.

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, GASB statement 75 requires a liability for OPEB obligation, known as a Net OPEB liability (Total OPEB liability for unfunded plans) to be recognized on the Statement of Net Position. Changes in the Total OPEB liability will be immediately recognized as OPEB expense on the Statement of Activities or reported as deferred inflows/outflows of resources depending on the nature of the change. The County's benefit program is an unfunded plan and there has been no trust established for the county to contribute assets for payments for future benefits.

M. Long-term Liabilities.

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

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

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues:

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

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

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

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Compensated Absences.

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

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

R. Changes in Accounting Standards.

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

(2) Prior Period Adjustment.

A summary of the significant net position/fund balance adjustments are as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
Error in reporting capital asset additions for FYE 9/30/18	\$ 3,343,756
Error in reporting capital asset depreciation for FYE 9/30/18	(117,091)
Total Prior Period adjustment	<u>\$ 3,226,665</u>

(3) Deposits.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$31,548,981 (\$31,421,689 in governmental activities and \$127,292 in fiduciary activities), and the bank balance was \$31,598,593. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 61,539
OCH 2018 Bond Refunding Fund	General Fund	614
Other Governmental Funds	General Fund	80,704
Total		<u>\$ 142,857</u>

The receivable represent the tax revenue collected in September 2019, but not settled until October 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Countywide Road & Bridge Construction Fund	General Fund	\$ 191,737
Other Governmental Funds	General Fund	417,208
Total		<u>\$ 608,945</u>

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

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

(5) Intergovernmental Receivables.

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

Description	Amount
City of Starkville Reimbursement Economic Development Project	\$ 567,978
FEMA Reimbursement	314,602
Legislative tax credit	253,645
Golden Triangle September 2019 Solid Waste Settlement	78,575
Reimbursements on Blackjack/Locksley Way Project	76,312
Gas Severance Tax	51,204
Sheriff's Department Reimbursment	22,995
Motor Vehicle License/Overweight Fines/Harvest Permits	20,271
MDOC Reimbursement for Housing Prisoners	9,900
Mississippi Department of Environmental Quality Reimbursement	9,880
Chancery Clerk Reimbursements	5,845
GTPDD Reimbursement	5,026
DHS Reimbursements	3,950
Department of Public Safety Reimbursements	2,334
Other	12,213
Total	\$ <u>1,434,730</u>

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

(6) Capital Assets.

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

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,016,113	-	-	-	1,016,113
Construction in progress	5,801,689	3,716,658	-	(7,461,966)	2,056,381
Total non-depreciable capital assets	<u>6,817,802</u>	<u>3,716,658</u>	<u>-</u>	<u>(7,461,966)</u>	<u>3,072,494</u>
<u>Depreciable capital assets:</u>					
Infrastructure	91,553,330	-	-	8,845,132	100,398,462
Buildings	8,227,827	-	-	1,960,590	10,188,417
Mobile equipment	10,175,599	576,604	22,083	-	10,730,120
Furniture and equipment	1,571,218	102,584	6,160	-	1,667,642
Leased property under capital lease	1,371,474	286,161	-	-	1,657,635
Total depreciable capital assets	<u>112,899,448</u>	<u>965,349</u>	<u>28,243</u>	<u>10,805,722</u>	<u>124,642,276</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	50,979,483	1,250,795	-	117,091	52,347,369
Buildings	3,358,686	180,586	-	-	3,539,272
Mobile equipment	7,787,979	354,629	19,875	-	8,122,733
Furniture and equipment	1,276,691	81,858	5,544	-	1,353,005
Leased property under capital lease	695,483	283,337	-	-	978,820
Total accumulated depreciation	<u>64,098,322</u>	<u>2,151,205</u>	<u>25,419</u>	<u>117,091</u>	<u>66,341,199</u>
Total depreciable capital assets, net	<u>48,801,126</u>	<u>(1,185,856)</u>	<u>2,824</u>	<u>10,688,631</u>	<u>58,301,077</u>
Governmental activities capital assets, net	<u>\$ 55,618,928</u>	<u>2,530,802</u>	<u>2,824</u>	<u>3,226,665</u>	<u>61,373,571</u>

* Adjustments were made to transfer \$7,461,966 of construction in progress of road and bridges and buildings completed during the year to infrastructure and buildings. Adjustments were also made to record a prior period adjustment, increasing Infrastructure by \$3,343,756, and accumulated depreciation of Infrastructure by \$117,091.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities	
General government	\$ 224,894
Public safety	483,699
Public works	1,442,612
Total governmental activities depreciation expense	<u>\$2,151,205</u>

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

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
County Road - Fox Road	\$ 85,000	September 2020
County Road - Hearst Road	90,000	September 2020
County Road - Prather Drive	35,000	September 2020
County Road - Theodis Road	65,000	September 2020
County Road - Pat Station Road	-	Unknown
County Road - Bel Air Subdivision Road	-	September 2020
County Road - County Lake Road	-	Unknown
County Road - Poor House Road	-	Unknown
State Aid Road - Longview Road	2,100,000	September 2021
State Aid Road - Sun Creek Bridge (155)	345,288	September 2020
State Aid Road - Blackjack Road	5,017,025	September 2021
State Aid Road - Silver Ridge Bridge	345,288	September 2020
State Aid Road - Sun Creek Bridge (157)	569,966	September 2020
State Aid Road - Longview/Adaton Bridge	655,815	September 2020

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County is exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in 2014 and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the County established a risk management fund to account for and finance its uninsured risk of loss.

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Oktibbeha County pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for the County, to the extent that actual claims submitted exceed the predetermined premium. 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 \$50,000.

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

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 \$164,269. An analysis of claims activities is presented below:

		Beginning of	Current Year		Balance at
		Fiscal Year	Claims and	Claim	Fiscal Year
		Liability	Changes in	Payments	End
			Estimates		
2017-2018	\$	220,508	2,376,736	(2,308,873)	288,371
2018-2019	\$	288,371	2,199,927	(2,324,029)	164,269

(8) Capital Leases.

As Lessee:

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

Classes of Property	Governmental
	Activities
Mobile equipment	\$ 1,657,635
Less: Accumulated depreciation	(978,820)
Leased Property Under Capital Leases	<u>\$ 678,815</u>

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

	Governmental Activities	
Year Ending September 30	Principal	Interest
2020	\$ 405,588	\$ 12,719
2021	187,885	4,141
2022	36,746	294
Total	<u>\$ 630,219</u>	<u>\$ 17,154</u>

(9) Other Postemployment Benefits.

General Information about the OPEB Plan.

Plan description. The County's defined benefit OPEB plan, Oktibbeha County, Mississippi Other Post-Employment Benefits Program, provides OPEB for all permanent full time employees of the County. The Oktibbeha County, Mississippi Other Post-Employment Benefits Program is a single-employer defined benefit OPEB plan administered by Oktibbeha County. No trust has been created for the OPEB Plan and the plan does not issue a stand-alone financial report. Participates can retire and elect OPEB benefits under the following eligibility:

- Attained age 60 and completed at least 8 years member service, or
- Completed 25 years of creditable service for members hired prior to July 1, 2011, or
- Completed 30 years of creditable service hired on or after July 1, 2011.

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

Benefits provided. The Oktibbeha County, Mississippi Other Post-Employment Benefits Program provides healthcare benefits, including dental and prescription drug benefits for retirees and their dependents. Life Insurance is also available to retirees. Benefits are provided through a third-party insurer, and the full costs of the benefits is covered by the plan with the exception of deductibles listed below:

- \$525 for individual coverage / \$1,050 for family coverage

Employees covered by benefit terms. On October 1, 2017 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefit payments	26
Active employees	<u>139</u>
Total	<u>165</u>

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. A retiree and spouse younger than age 65 pays \$673.20 per month for single coverage and \$979 per month for family coverage. A retiree and spouse older than age 65 pays \$336.60 per month for single coverage and \$592.56 per month for family coverage. The premium for a retiree and spouse where one of them is over age 65 and one is younger than age 65 is \$932 for family coverage. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan (implicit rate subsidy) from the County were \$662,810 for the year ended September 30, 2019.

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

At September 30, 2019, the County reported an OPEB liability of \$2,292,704. The OPEB liability was measured as of September 30, 2018. The total OPEB liability was determined by an actuarial valuation as of October 1, 2017 with these amounts rolled forward to include changes for the current year. These changes include the service cost; interest on the total OPEB liability; the effect of assumption changes or inputs; and county contributions (benefit payments) during the year ended September 30, 2019.

For the year ended September 30, 2019, the District recognized OPEB expense of \$144,136. At September 30, 2019, the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 365,968
Total	\$ <u>-</u>	\$ <u>365,968</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30:</u>	<u>Amount</u>
2020	\$ (57,016)
2021	(57,016)
2022	(57,016)
2023	(57,016)
2024	(57,016)
Thereafter	(80,888)

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

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

Inflation	2.30 percent
Salary increases	3.00 percent, including inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	4.18 percent
Prior Measurement Date	3.64 percent
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	4.18 percent
Prior Measurement Date	3.64 percent
Health Care Cost Trends	
Medicare Supplement Claims	5.00 percent for 2017 decreasing to an ultimate rate of 4.50 percent by 2031
Pre-Medicare	6.10 percent for 2017 decreasing to an ultimate rate of 5.30 percent by 2031
Dental	3.84 percent for 2017 and later years

Mortality rates were based on the RP-2000 System Table with Floating Scale AA projections for Males and Females. Employee mortality is projected to valuation year plus 15 years. Annuitant mortality is projected to valuation plus 7 years.

The demographic actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study dated October 1, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the October 1, 2017 valuation were based on a review of recent plan experience done concurrently with the October 1, 2017 valuation.

The plan had no assets as of the measurement date of 2018.

Discount rate. The discount rate used to measure the total OPEB liability at September 30, 2019 was 4.18 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.64% to 4.18%.

Since no trust was set up as of September 30, 2019, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2019.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond

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

Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability	Deferred Inflows	Total OPEB Liability plus Deferrals	Annual Expense
Balances as of September 30, 2018	\$ 2,962,577	214,769	3,177,346	
Changes for the year:				
Service cost	101,572		101,572	\$ 101,572
Interest on total OPEB liability	99,580		99,580	99,580
Effect of assumption changes or inputs	(208,215)	208,215	-	
Benefit payments	(662,810)		(662,810)	
Recognition of assumption changes or inputs		(57,016)	(57,016)	(57,016)
Annual expense				\$ 144,136
Balances as of September 30, 2019	<u>\$ 2,292,704</u>	<u>365,968</u>	<u>2,658,672</u>	

Sensitivity of the County's OPEB liability to changes in the discount rate. The following presents the County's OPEB liability, as well as what the County's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18 percent) or 1-percentage-point higher (5.18 percent) than the current discount rate:

	1% Decrease (3.18%)	Discount Rate (4.18%)	1% Increase (5.18%)
OPEB liability	\$ 2,698,664	\$ 2,292,704	\$ 1,964,353

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
OPEB liability	\$ 1,923,550	\$ 2,292,704	\$ 2,756,058

OPEB plan fiduciary net position. The fiduciary net position for the OPEB plan was zero as of September 30, 2019, the measurement date. Therefore, no separately issued financials were prepared.

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2019, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$1,141,350, \$1,078,680 and \$1,013,248, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$18,938,463 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was .107654 percent, which was based on a measurement date of June 30, 2019. This was an increase of .003017 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.

OKTIBBEHA COUNTY
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For the Year Ended September 30, 2019

For the year ended September 30, 2019, the County recognized pension expense of \$2,195,495. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,888	19,130
Net difference between projected and actual earnings on pension plan investments	-	187,693
Changes of assumptions	185,498	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	664,783	-
County contributions subsequent to the measurement date	328,412	-
Total	<u>\$ 1,189,581</u>	<u>206,823</u>

\$328,412 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:

<u>Year ending September 30</u>	<u>Amount</u>
2020	\$ 397,801
2021	14,970
2022	155,112
2023	86,463
Total	<u>\$ 654,346</u>

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	.25
Total	100.00	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 24,895,265	18,938,463	14,021,657

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

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

(11) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
2011 Refunding Bonds Road & Bridge Construction	\$ 240,000	2.00-3.25%	Mar-21
2017 Road and Bridge Construction Bonds	13,110,000	2.40%	May-32
2017 Industrial Park Bonds	6,245,000	3.50-3.80%	Sep-32
2018A Refunding Bonds 2009 Oktibbeha County Hospital	9,610,000 *	2.00-4.00%	Nov-32
2018B Refunding Bonds 2009 Oktibbeha County Hospital	6,585,000 *	2.00-4.00%	Nov-34
2019 Series Refunding Bonds 2010 Oktibbeha County Hospital	3,500,000 *	3.00-4.00%	Sep-30
Total General Obligation Bonds	<u>\$ 39,290,000</u>		
B. Capital Leases			
(20) Dodge Chargers/1 Dodge Ram	\$ 141,685	1.87%	Jan-20
(2) 2017 Western Star 10 Wheelers	45,415	1.71%	Jun-20
Paving Machine	35,877	1.87%	Jul-20
EMA Equipment	185,968	2.05%	Oct-21
2 John Deere 60g mini excavators	100,956	3.50%	Oct-21
2 John Deere 60g mini excavators	120,318	3.69%	Oct-21
Total Capital Leases	<u>\$ 630,219</u>		

* These bonds are secured by the full faith and credit and taxing power of the county. However, any assets acquired or improvements made with the proceeds of these bonds are not included in Oktibbeha County's financial statements.

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2020	\$ 2,240,000	\$ 1,256,880
2021	2,310,000	1,201,085
2022	2,360,000	1,136,125
2023	2,450,000	1,068,655
2024	3,385,000	990,730
2025-2029	14,580,000	3,575,655
2030-2034	10,495,000	1,177,860
2035-2039	1,470,000	58,800
Total	<u>\$ 39,290,000</u>	<u>\$ 10,465,790</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 8.96% of the latest property assessments.

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

Current Refunding - On September 26, 2019, the County issued \$3,500,000 in general obligation refunding bonds with an average interest rate of 3.86% to refund \$5,070,000 of the following outstanding bond issue:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
2010 Oktibbeha County Hospital Bonds	4.56%	\$ 5,070,000

The County refunded the above bonds to reduce its total debt service payments over the next 16 years by almost \$2,609,147 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,095,040.

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

	<u>Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2019</u>	<u>Amount due within one year</u>
Governmental Activities:					
Compensated Absences	\$ 490,296	\$ 13,246	\$ -	\$ 503,542	\$ -
General Obligation Bonds	59,800,000	3,500,000	24,010,000	39,290,000	2,240,000
Add: Premiums	1,118,745	439,192	80,802	1,477,135	117,401
Capital Leases	736,469	286,160	392,410	630,219	405,588
Total	<u>\$ 62,145,510</u>	<u>\$ 4,238,598</u>	<u>\$ 24,483,212</u>	<u>\$ 41,900,896</u>	<u>\$ 2,762,989</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road Maintenance Fund, and Countywide Bridge Fund.

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

(12) Contingencies.

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

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

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Oktibbeha County Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2019, is \$7,540,000.

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(33,898,162) includes the effect of deferred inflows/outflows of resources related to pensions, the effect of deferred inflows related to other postemployment benefits and deferred inflow related to the deferred amount on refunding. A portion of the deferred outflow of resources related to pension in the amount of \$328,412 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 \$861,169 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3 years. The \$206,823 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$365,968 balance of the deferred inflows related to other postemployment benefits will be recognized in OPEB expense over the next 7 years. The \$1,477,135 balance deferred inflow from the deferred amount on refunding will be recognized as a decrease in interest on long-term debt over the next 16 years.

(14) Related Organizations.

The Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Oktibbeha County Economic Development Authority, but the County's accountability for this organization does not extend beyond making the appointments. During the year, the County did not contribute any funds to this organization.

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

(15) Joint Ventures.

The County participates in the following joint ventures:

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Oktibbeha County Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the County's agreement, the County's appropriation to the joint venture was \$188,000 in the fiscal year 2019. Complete financial statements for the Oktibbeha County Library can be obtained for 326 University Drive, Starkville, MS 39759.

Oktibbeha County is a participant with the Town of Sturgis in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Sturgis Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the County's agreement, the County's appropriation to the joint venture was \$7,500 in the fiscal year 2019. Complete financial statements for the Oktibbeha County Library can be obtained for 2732 MS-12, Sturgis, MS 39769.

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 61-5-39, Miss. Code Ann. (1972), to operate the George M. Bryan Field (airport). The joint venture is governed by seven members, three appointed by each government and one appointed by Mississippi State University. The County contributed \$31,928 to the joint venture in the fiscal year 2019.

Oktibbeha County is a participant with the Counties of Choctaw, Clay, Lowndes, Noxubee and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville, and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Oktibbeha County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. The Oktibbeha County Board of Supervisors appoints two of the twelve members of the college board of trustees. The County contributed \$1,050,525 for maintenance and support of the college in fiscal year 2019.

Golden Triangle Planning Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County contributed \$50,000 for support of the district in fiscal year 2019.

Golden Triangle Regional Airport Authority operates in a district composed of Counties of Lowndes and Oktibbeha and the Cities of Columbus, Starkville, and West Point. The Oktibbeha County Board of Supervisors appoints one of the five members of the board of commissioners. The County provided no financial support for the authority in fiscal year 2019.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the seven members of the board of commissioners. The County contributed \$45,500 for support of the agency in fiscal year 2019.

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

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These fourteen members are not appointed by the County Board of Supervisors. The counties generally provide no financial support to the organization.

Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

(17) **Tax Abatements.**

The Oktibbeha County Board of Supervisors enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec 17-21-5(1). Under the code, the county has the authority in their discretion to exempt from any or all county ad valorem taxes, excluding ad valorem taxes for school districts, for a period of not more than seven years for the purpose of attracting or retaining businesses within their jurisdiction. A detailed listing of the property tax abatement agreements the county has entered into for the fiscal year ended September 30, 2019 is listed in the table below:

Name	Assessed Value	Tax Abatement
<u>Real Property</u>		
Cellular South real Estate, Inc.	\$ 1,844,976	\$ 107,986
The Claiborne at A delaide, LLC	1,548,560	90,637
<u>Personal Property</u>		
C Spire Advanced Data Solution LLC	266,564	15,602
The Claiborne at A delaide, LLC	71,254	4,171
Flexsteel Industries, Inc.	94,957	5,558
Southwire Company, Inc.	413,786	24,658
Total	<u>\$ 4,240,097</u>	<u>\$ 248,612</u>

(18) **Subsequent Events.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Oktibbeha County evaluated the activity of the County through December 17, 2020, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

- The Board of Supervisors approved the lowest and best bid of \$8,051,708 from Burns Brothers Construction for Blackjack Road Construction on February 3, 2020.
- The Board of Supervisors approved the lowest and best bid of \$2,505,800 from Phoenix Fabricators & Erectors, LLC for the 400,000/500,000 gallon elevated tank at North Starkville Industrial Park Water System on May 18, 2020.
- The Board of Supervisors awarded to lowest and best bid for jail slide repairs at the Oktibbeha County Jail to Geoproducts in the amount of \$288,000 on May 18, 2020.
- The Board of Supervisor accepted lowest and best bid for financing three Kenworth Trucks in the amount of \$270,000 for 48 months at a 1.65% annual rate of interest on August 17, 2020.

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

- On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on its business operations. The County currently has been able to continue its operations and will be able to in the foreseeable future; however, management does recognize that a true assessment of the severity of the potential impact is premature at this point.

OKTIBBEHA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 10,941,140	11,865,385	11,865,385	-
Road and bridge privilege taxes	-	6,263	6,263	-
Licenses, commissions and other revenue	344,500	375,921	560,952	185,031
Fines and forfeitures	525,000	523,818	523,818	-
Intergovernmental revenues	1,132,680	1,241,054	1,008,056	(232,998)
Charges for services	240,000	233,950	233,950	-
Interest income	100,000	340,392	340,392	-
Miscellaneous revenues	51,000	220,501	607,613	387,112
Total Revenues	<u>13,334,320</u>	<u>14,807,284</u>	<u>15,146,429</u>	<u>339,145</u>
EXPENDITURES				
Current:				
General government	7,072,970	6,063,439	6,063,439	-
Public safety	4,998,010	4,558,492	4,700,183	(141,691)
Public works	132,000	34,853	34,853	-
Health and welfare	501,150	503,994	503,994	-
Culture and recreation	205,700	198,451	198,451	-
Education	355,285	363,844	266,963	96,881
Conservation of natural resources	146,800	126,551	126,551	-
Economic development and assistance	470,000	465,559	465,559	-
Debt service:				
Principal	-	225,547	225,547	-
Interest	-	10,071	10,071	-
Total Expenditures	<u>13,881,915</u>	<u>12,550,801</u>	<u>12,595,611</u>	<u>(44,810)</u>
Excess of Revenues over (under) Expenditures	<u>(547,595)</u>	<u>2,256,483</u>	<u>2,550,818</u>	<u>294,335</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	1	1	-
Compensation for loss of capital assets	-	9,034	9,034	-
Transfers in	-	4	4	-
Transfers out	-	(535,000)	(535,000)	-
Other financing sources	8,200	-	-	-
Total Other Financing Sources and Uses	<u>8,200</u>	<u>(525,961)</u>	<u>(525,961)</u>	<u>-</u>
Net Change in Fund Balance	(539,395)	1,730,522	2,024,857	294,335
Fund Balances - Beginning	<u>539,395</u>	<u>10,295,407</u>	<u>10,295,407</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>12,025,929</u>	<u>12,320,264</u>	<u>294,335</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,304,840	2,440,449	2,440,449	-
Road and bridge privilege taxes	450,000	469,627	469,627	-
Licenses, commissions and other revenue		468	468	-
Intergovernmental revenues	633,100	690,121	690,121	-
Interest income	8,000	15,258	15,258	-
Miscellaneous revenues	4,500	43,058	43,058	-
Total Revenues	<u>3,400,440</u>	<u>3,658,981</u>	<u>3,658,981</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,950,520	3,278,919	3,278,919	-
Debt service:				
Principal	-	101,976	101,976	-
Interest		2,431	2,431	-
Total Expenditures	<u>3,950,520</u>	<u>3,383,326</u>	<u>3,383,326</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(550,080)</u>	<u>275,655</u>	<u>275,655</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-		-	-
Compensation for loss of capital assets		2,784	2,784	-
Total Other Financing Sources and Uses	<u>-</u>	<u>2,784</u>	<u>2,784</u>	<u>-</u>
Net Change in Fund Balance	(550,080)	278,439	278,439	-
Fund Balances - Beginning	<u>550,080</u>	<u>455,335</u>	<u>455,335</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>733,774</u>	<u>733,774</u>	<u>-</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.107654%	0.104637%	0.101017%	0.099183%	0.098177%
County's proportionate share of the net pension liability (asset)	\$ 18,938,463	17,404,242	16,792,454	17,716,560	15,176,228
County's covered payroll	\$ 7,011,239	6,682,092	6,433,315	6,344,972	6,133,549
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.12%	260.46%	261.02%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

OKTIBBEHA COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,141,350	1,078,680	1,013,248	1,039,040	972,956
Contributions in relation to the contractually required contribution	<u>1,141,350</u>	<u>1,078,680</u>	<u>1,013,248</u>	<u>1,039,040</u>	<u>972,956</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 7,051,907	6,848,757	6,433,321	6,597,077	6,172,641
Contributions as a percentage of covered payroll	16.18%	15.75%	15.75%	15.75%	15.75%

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

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

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

OKTIBBEHA COUNTY
Required Supplementary Information
Schedule Of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 101,572	\$ 114,059
Interest on total OPEB liability	99,580	107,222
Effect of plan changes	-	-
Effect of economic/demographic gains or (losses)	-	-
Effect of assumption changes or inputs	(208,215)	(245,627)
Benefit payments	(662,810)	(804,503)
Net change in total OPEB liability	\$ (669,873)	\$ (828,849)
Total OPEB liability, beginning (Under GASB Statement 45)		\$ 243,628
Restatement due to change in accounting standards*		3,547,798
Restate Total OPEB liability, beginning (Under GASB Statement 75)		\$ 3,791,426
Total OPEB liability, ending	\$ 2,292,704	\$ 2,962,577
Covered-employee payroll	\$ 6,536,727	\$ 6,155,516
Total OPEB liability as a % of covered-employee payroll	35.07%	48.13%

* OPEB liability was restated due to the county reporting the total OPEB liability under GASB Statement 75

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The county had previously reported the total OPEB liability under GASB Statement 45 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement 75 is effective for fiscal years beginning after June 15, 2017.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>
Budget (Cash Basis)	\$ 2,024,857	278,439
Increase (Decrease)		
Net adjustments for revenue accruals	(358,481)	12,782
Net adjustments for expenditures accruals	132,570	68,030
GAAP Basis	<u>\$ 1,798,946</u>	<u>359,251</u>

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

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

The wage inflation 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%.

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

B. Changes in benefit provisions.

2016

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

C. Method and assumptions used in calculations of actuarially determined contributions.

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

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

OPEB Schedules

A. Changes of assumptions

2017: The discount rate was changed from 3.058% for the prior measurement date to 3.64% for the current measurement date.

2018: The discount rate was changed from 3.64% for the prior measurement date to 4.18% for the current measurement date.

B. Changes in benefit provision

2017: None

C. Methods and assumptions used to determine contribution rates:

Valuation date:	October 1, 2017
Measurement date:	September 30, 2018
Actuarial cost method:	Entry Age Normal
Inflation:	2.30%
Salary increases including inflation:	3.00%
Mortality rates:	Males – RP 2000 system table with floating Scale AA projections for males Females – RP 2000 system table with floating Scale AA projections for females Employee mortality is projected to valuation year plus 15 years Annuitant mortality is projected to valuation year plus 7 years

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

Participation assumption: 25% of participants retiring prior to age 65 are assumed to elect coverage. 10% of participants retiring for the first time after age 65 or continuing coverage past age 65 are assumed to elect coverage.

Marriage assumption: For employees retiring in the future, it is assumed that husbands are three years older than their wives. It is assumed that 50% of active employees who retire with medical coverage will elect to cover their spouse. Actual dependent information is used for current retirees.

Healthcare cost trend rates: Non-Medicare eligible costs are estimated to increase 6.10% annually decreasing to 5.30% by 2031. Medicare eligible costs are estimated to increase 5.00% annually decreasing to 4.50% by 2031. Dental costs are estimated to increase 3.84% annually.

Retirement age:

Age	Male Select	Male Ultimate	Female Select	Female Ultimate
55	0%	17%	0%	18%
60	10%	20%	12.5%	22%
62	19%	33%	18%	36%
65	22%	30%	27%	42%
70	19%	25%	21%	22%
75	100%	100%	100%	100%

OKTIBBEHA COUNTY

SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipient	Federal Expenditures
United States Department of Agriculture				
Direct Program				
Schools and Road Grants to States	10.665	N/A	\$ 442	\$ 442
Total United States Department of Agriculture			<u>442</u>	<u>442</u>
United States Department of Public Safety				
Passed through Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17LB1531	-	8,845
Total United States Department of Public Safety			<u>-</u>	<u>8,845</u>
United States Department of Transportation				
Passed Through Mississippi Department of Transportation				
Highway Planning & Construction	20.205	STP-0420-00(022)LPA	-	768,310
State Community & Highway Safety	20.600	OP-2019-OP-15-31	-	12,922
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0554-16-02-00	-	17,948
Total United States Department of Transportation			<u>-</u>	<u>799,180</u>
United States Election Assistance Commission				
Passed Through Mississippi Office of Secretary of State				
Help America Vote Act Requirements Payments	90.401	N/A	-	24,098
Total United States Election Assistance Commission			<u>-</u>	<u>24,098</u>
United States Department Of Homeland Security				
Passed Through Mississippi Emergency Management Agency				
Hazardous Mitigation Grant	97.039	1604-0511	-	1,186,967
Emergency Management Performance Grant	97.042	N/A	-	40,875
Homeland Security Grant Program	97.067	18HS053	-	19,000
Total United States Department of Homeland Security			<u>-</u>	<u>1,246,842</u>
Total Expenditures of Federal Awards			\$ <u>442</u>	\$ <u>2,079,407</u>

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

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

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, includes the federal award activity of Oktibbeha County under programs of the federal and state governments for the year ended September 30, 2019. The schedule presents only a selected portion of the operations of Oktibbeha County and is not intended to, and does not, present the financial position, changes in net position, or cash flows of the County.

Note B – Basis of Accounting

The schedule is prepared on the same basis of accounting as Oktibbeha County financial statements. The County uses the current financial resource measurement focus and the modified accrual basis of accounting.

Note C – Program Costs

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to its reimbursements.

Note D – Indirect Cost Rate

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

OKTIBBEHA COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
John Montgomery	Supervisor District 1	Traveler's Casualty and Surety Company of America	\$ 100,000
Orlando Trainer	Supervisor District 2	Traveler's Casualty and Surety Company of America	\$ 100,000
Marvell Howard	Supervisor District 3	Traveler's Casualty and Surety Company of America	\$ 100,000
Bricklee Miller	Supervisor District 4	Traveler's Casualty and Surety Company of America	\$ 100,000
Joe Williams	Supervisor District 5	Traveler's Casualty and Surety Company of America	\$ 100,000
Emily Garrard	County Administrator	Western Surety	\$ 100,000
Delois Triplett	Comptroller	Western Surety	\$ 50,000
Sharon Livingston	Chancery Clerk	Traveler's Casualty and Surety Company of America	\$ 100,000
Deanna M. Blackwell	Purchase Clerk	Western Surety	\$ 75,000
Emily Garrard	Assistant Purchase Clerk	Western Surety	\$ 50,000
Deanna Denise Collier	Assistant Purchase Clerk	Western Surety	\$ 50,000
Tom Malone	Receiving Clerk	Western Surety	\$ 75,000
Darrell Gene Fulgham	Assistant Receiving Clerk	Western Surety	\$ 50,000
Michelle Tutton	Inventory Control Clerk	Western Surety	\$ 75,000
Fred Hal Baggett	Road Manager	Western Surety	\$ 50,000
James E Lindsey	Constable	Traveler's Casualty and Surety Company of America	\$ 50,000
Curtis Randle	Constable	Traveler's Casualty and Surety Company of America	\$ 50,000
Tony Rook	Circuit Clerk	Western Surety	\$ 100,000
Vicki Teeter	Deputy Circuit Clerk	Western Surety	\$ 50,000
Sheryl Elmore	Deputy Circuit Clerk	Western Surety	\$ 50,000
Tina Renee Mullins	Deputy Circuit Clerk	Western Surety	\$ 50,000
Schreese Henry Carter	Deputy Circuit Clerk	Western Surety	\$ 50,000
Melody Monts	Deputy Circuit Clerk	Western Surety	\$ 50,000
Stephen C Gladney	Sheriff	Traveler's Casualty and Surety Company of America	\$ 100,000
William A Boykin	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$ 50,000
Charles Martin Haug	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$ 50,000
Larnzy L Carpenter	Justice Court Judge	Traveler's Casualty and Surety Company of America	\$ 50,000
Shalonda Denise Sykes	Justice Court Clerk	Traveler's Casualty and Surety Company of America	\$ 50,000
Nora Goliday	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Tawanda Ware	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Georgia Alexander	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Georgia Ann Berry	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Gail Roberts	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Lynn Hampton	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Allen Gordon Morgan	Tax Assessor-Collector	Traveler's Casualty and Surety Company of America	\$ 100,000
Barbara Cubon	Deputy Tax Assessor	Western Surety	\$ 50,000
Julia (Hankins) Nowell	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Patricia Kornegay	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Deborah Dewberry	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Patsy Henderson	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Judith Trantum	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Sarah W Flake	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
JoHeen Walker	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000
Carol Vaughn	Deputy Tax Assessor	Traveler's Casualty and Surety Company of America	\$ 50,000

OKTIBBEHA COUNTY

SPECIAL REPORTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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

County Administrator and Members of the Board of Supervisors
Oktibbeha County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 17, 2020. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oktibbeha County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We also noted certain matters which we have reported to the management of Oktibbeha County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 17, 2020, included within this document.

Oktibbeha County's Response to Finding

Oktibbeha County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Oktibbeha County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
December 17, 2020

Watkins Ward and Stafford, PLLC



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

County Administrator and Members of the Board of Supervisors
Oktibbeha County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the Oktibbeha County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Oktibbeha County, Mississippi's major federal programs for the year ended September 30, 2019. Oktibbeha 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Oktibbeha 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 the 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 the Oktibbeha 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. However, our audit does not provide a legal determination of the Oktibbeha County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Oktibbeha 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

Management of the Oktibbeha County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Oktibbeha 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 Oktibbeha County, Mississippi'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 a 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider 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.

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
December 17, 2020

Watkins Ward and Stafford, PLLC



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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))**

County Administrator and Members of the Board of Supervisors
Oktibbeha County, Mississippi

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

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

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

In our opinion, Oktibbeha 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 and, in our opinion, is fairly presented in relation to that examination.

This report is intended for use in evaluating Oktibbeha 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.

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
December 17, 2020

Watkins Ward and Stafford, P.C.

OKTIBBEHA COUNTY**Schedule 1****Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2019**

Our tests identified two instances where a bid was not selected from the lowest bidder.

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
4/1/2019	Dura-Patcher Land Rolls	\$ 65,462	B&D Distribution Alliance Renewal	\$ 57,200	Did not meet specifications
2/4/2019	Software	120,140	Technologies, Inc.	79,000	Did not meet specifications

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

Schedule 2

Our tests did not identify any emergency purchases.

OKTIBBEHA COUNTY

Schedule 3

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

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

County Administrator and Members of the Board of Supervisors
Oktibbeha County, Mississippi

In planning and performing our audit of the financial statements of Oktibbeha County, Mississippi for the year ended September 30, 2019, we considered Oktibbeha 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 Oktibbeha 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 December 17, 2020 on the financial statements of Oktibbeha County, Mississippi.

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

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

Circuit Clerk.

1. Circuit Clerk should file an accurate annual financial report in a timely manner.

Repeat Finding: Yes

Criteria Section 9-1-45 (1), Miss. Code Ann. (1972), requires each Circuit Clerk to file a true and accurate annual report not later than April 15 for the preceding year.

Condition: The former Circuit Clerk did file the annual financial report for 2019 in a timely manner, however there was an unallowable expense reported on the financial report noted during our audit testing.

Cause: The clerk reported his share of the retirement contribution of \$5,340 due by April 15, 2020 as an allowable deduction on the 2019 annual financial report which is not considered an allowable deduction on the 2019 report but would be deductible on the 2020 annual financial report.

Effect: Inclusion of the unallowable expense did not result in any change in amounts due to PERS since the clerk reported net income greater than the salary cap; however the clerk does owe the county for the amount of the unallowable expenses claimed on the 2019 annual report of \$5,340.

Recommendation: The Circuit Clerk should file an amended annual financial report for 2019 and repay the county the amount he exceeded the cap of \$5,340.

Circuit Clerk's Response: An amended report has been filed and the county has been repaid the funds that exceeded the salary cap.

Board of Supervisors

2. Annual Public Depositors Report Should Be Submitted to the Mississippi Treasury Department Within 30 Days of Fiscal Year End

Repeat Finding: No

Criteria: Section 27-105-5, Miss Code Ann. (1972) requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number and provide a list of all bank accounts that are held by that depositor within 30 days of fiscal year end. The public depositor is also required to review the information on quarterly reports received by the public depositor from the State Treasurer to ensure that the information regarding accounts held by the public depositor are being correctly reported to the State Treasurer Office.

Condition: Per our audit procedures performed we noted that the annual report was not submitted to the State Treasurer's Office within 30 days of fiscal year end. The report was submitted on December 16, 2019.

Cause: Unknown

Effect: The County did not comply with Section 27-105-5, Miss Code Ann. (1972). Failure to file an accurate, timely report to the State Treasurer could result in some of the County's deposits not being adequately collateralized.

Recommendation: We recommend the county comply with Section 27-105-5, Miss Code Ann. (1972) which requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number and provide a list of all bank accounts that are held by that depositor within 30 days of fiscal year end.

Board of Supervisors' Response: We will comply with Section 27-105-5, Miss Code Ann. (1972) which requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number and provide a list of all bank accounts that are held by that depositor within 30 days of fiscal year end.

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

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

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
December 17, 2020

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditors' Results

Financial Statements:

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

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
OCH 2018 Bond Refunding Fund	Unmodified
Countywide Road and Bridge Construction Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified?	None Reported

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:

a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified?	None Reported

5. Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal programs:

a. CFDA# 97.039 Hazardous Mitigation Grant
b. CFDA# 20.205 Highway Planning & Construction

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low risk auditee? No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? No

Section II: Financial Statement Findings

Board of Supervisors.

Material Weakness

2019-001. Component unit should be included in County's financial statements.

Repeat Finding Yes; 2018-001

Criteria: Generally accepted accounting principles require the financial data of the County's component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Condition: As reported in the prior ten years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit.

Cause: Unknown

Effect: The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.

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

Board of Supervisors' Response: The hospital's financial statements are provided to the County and are available to the public upon request.

Section III: Federal Award Findings and Questioned Costs

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