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# **YALOBUSHA COUNTY, MISSISSIPPI**

Audited Financial Statements  
and Special Reports

For the Year Ended September 30, 2019

YALOBUSHA COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR'S REPORT.....	2
FINANCIAL STATEMENTS .....	5
Statement of Net Position .....	6
Statement of Activities .....	8
Balance Sheet - Governmental Funds .....	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	12
Statement of Fiduciary Assets and Liabilities .....	13
Notes to Financial Statements .....	14
REQUIRED SUPPLEMENTARY INFORMATION .....	33
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	34
Schedule of the County's Proportionate Share of the Net Pension Liability - PERS.....	35
Schedule of the County's Contributions - PERS.....	36
Notes to the Required Supplementary Information .....	37
OTHER INFORMATION .....	41
Schedule of Surety Bonds for County Officials .....	42
SPECIAL REPORTS.....	43
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 <i>Government Auditing Standards</i> .....	44
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)).....	46
Limited Internal Control and Compliance Review Management Report .....	51
SCHEDULE OF FINDINGS AND RESPONSES .....	52

YALOBUSHA COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

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### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Yalobusha County, Mississippi

#### **Report on the Financial Statements**

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

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

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

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

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

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

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

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

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Yalobusha 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, the major fund and the aggregate remaining fund information of Yalobusha County, Mississippi, as of September 30, 2019, and the respective changes in financial position 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 Schedule, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Contributions and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

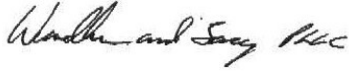
Yalobusha County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial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

### *Supplementary and Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of Yalobusha County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yalobusha County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yalobusha County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
June 21, 2021

YALOBUSHA COUNTY

FINANCIAL STATEMENTS

YALOBUSHA COUNTY  
Statement of Net Position  
September 30, 2019

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 8,884,143
Property tax receivable	4,134,707
Accounts receivable (net of allowance for uncollectibles of \$281,896)	80,143
Fines receivable (net of allowance for uncollectibles of \$2,072,458)	275,309
Intergovernmental receivables	204,032
Other receivables	22,243
Capital assets:	
Land and construction in progress	2,227,054
Capital assets, net	<u>18,666,647</u>
Total Assets	<u>34,494,278</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	409,538
Deferred amount on refunding	<u>110,532</u>
Total Deferred Outflows of Resources	<u>520,070</u>
<b>LIABILITIES</b>	
Claims payable	581,085
Intergovernmental payables	171,978
Accrued interest payable	12,625
Other payables	1,051,263
Unearned revenue	37,345
Long-term liabilities	
Due within one year:	
Capital debt	482,817
Due in more than one year:	
Capital debt	3,113,518
Compensated absences	141,577
Net pension liability	<u>6,489,327</u>
Total Liabilities	<u>12,081,535</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	60,279
Property tax for future reporting period	<u>4,134,707</u>
Total Deferred Inflows of Resources	<u>4,194,986</u>

(Continued)

YALOBUSHA COUNTY  
Statement of Net Position  
September 30, 2019

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
NET POSITION	
Net investment in capital assets	17,407,898
Restricted:	
Expendable:	
General government	10,021
Debt service	142,815
Public safety	596,752
Public works	4,060,327
Economic development	551,686
Culture and recreation	7,825
Unemployment compensation	51,016
Unrestricted	<u>(4,090,513)</u>
Total Net Position	<u>\$ 18,737,827</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 2,597,812	315,764	18,323		(2,263,725)
Public safety	2,146,659	217,906	74,987	90,000	(1,763,766)
Public works	3,384,353	646,156	1,239,535	6,281	(1,492,381)
Health and welfare	378,244		24,405		(353,839)
Culture and recreation	124,172				(124,172)
Education	25,323				(25,323)
Conservation of natural resources	57,788	2,760			(55,028)
Economic development and assistance	86,370			734,177	647,807
Interest on long-term debt	110,013				(110,013)
Pension expense	702,852				(702,852)
Total Governmental Activities	\$ 9,613,586	1,182,586	1,357,250	830,458	(6,243,292)
General Revenues:					
Property taxes				\$	5,101,045
Road & bridge privilege taxes					160,874
Grants and contributions not restricted to specific programs					660,658
Unrestricted interest income					197,229
Miscellaneous					452,582
Total General Revenues					6,572,388
Changes in Net Position					329,096
Net Position - Beginning, as Originally Reported					18,296,657
Prior Period Adjustment					112,074
Net Position - Beginning, as Restated					18,408,731
Net Position - Ending					\$ 18,737,827

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

YALOBUSHA COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2019

Exhibit 3

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund		
<b>ASSETS</b>			
Cash	\$ 3,335,447	5,548,696	8,884,143
Property tax receivable	2,836,003	1,298,704	4,134,707
Accounts receivable (net of allowance for uncollectibles, \$281,896)		80,143	80,143
Fines receivable (net of allowance for uncollectibles, \$2,072,458)	275,309		275,309
Intergovernmental receivables	100,010	104,022	204,032
Other receivables	1,052	21,191	22,243
Due from other funds		38,707	38,707
Advances to other funds	35,000		35,000
Total Assets	\$ 6,582,821	7,091,463	13,674,284
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Claims payable	\$ 338,754	242,331	581,085
Intergovernmental payables	171,978		171,978
Other payables	1,051,263		1,051,263
Unearned revenue		37,345	37,345
Due to other funds	38,707		38,707
Advances from other funds		35,000	35,000
Total Liabilities	1,600,702	314,676	1,915,378
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	2,836,003	1,298,704	4,134,707
Unavailable revenue - accounts receivable		80,143	80,143
Unavailable revenue - fines	275,309		275,309
Total Deferred Inflows of Resources	3,111,312	1,378,847	4,490,159
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Advances	35,000		35,000
<b>Restricted:</b>			
General government		10,021	10,021
Public safety		596,752	596,752
Public works		4,060,327	4,060,327
Culture and recreation		7,825	7,825
Debt service		155,440	155,440
Unemployment compensation		51,016	51,016
<b>Assigned:</b>			
Economic development		551,686	551,686
Unassigned	1,835,807	(35,127)	1,800,680
Total Fund Balances	1,870,807	5,397,940	7,268,747
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,582,821	7,091,463	13,674,284

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

## YALOBUSHA COUNTY

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,268,747
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) 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 \$12,481,355.	20,893,701
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	355,452
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,737,912)
Deferred amount on refunding	110,532
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(12,625)
Pension Obligations:	
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(6,489,327)
Deferred outflows and inflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension obligations	409,538
Deferred inflows of resources related to pension obligations	<u>(60,279)</u>
Total Net Position - Governmental Activities	\$ <u><u>18,737,827</u></u>

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

## YALOBUSHA COUNTY

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

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<b>REVENUES</b>			
Property taxes	\$ 3,466,376	1,634,669	5,101,045
Road and bridge privilege taxes		160,874	160,874
Licenses, commissions and other revenue	116,268	2,988	119,256
Fines and forfeitures	206,856	40	206,896
Intergovernmental revenues	622,025	2,226,341	2,848,366
Charges for services	34,800	806,645	841,445
Interest income	76,510	120,719	197,229
Miscellaneous revenues	89,351	357,634	446,985
Total Revenues	<u>4,612,186</u>	<u>5,309,910</u>	<u>9,922,096</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,489,422	279,998	2,769,420
Public safety	1,574,466	724,255	2,298,721
Public works	17,099	3,255,867	3,272,966
Health and welfare	367,608		367,608
Culture and recreation	92,827	16,586	109,413
Education	25,323		25,323
Conservation of natural resources	57,788		57,788
Economic development and assistance	64,439	1,189,464	1,253,903
Debt Service:			
Principal	5,225	472,097	477,322
Interest	418	101,740	102,158
Total Expenditures	<u>4,694,615</u>	<u>6,040,007</u>	<u>10,734,622</u>
Excess of Revenues Over (Under) Expenditures	<u>(82,429)</u>	<u>(730,097)</u>	<u>(812,526)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term debt (capital)		865,283	865,283
Proceeds from sale of capital assets	4,135	16,855	20,990
Transfers in	205,000	252,851	457,851
Transfers out	(192,953)	(264,898)	(457,851)
Total Other Financing Sources and Uses	<u>16,182</u>	<u>870,091</u>	<u>886,273</u>
Net Changes in Fund Balances	(66,247)	139,994	73,747
Fund Balance - Beginning	<u>1,937,054</u>	<u>5,257,946</u>	<u>7,195,000</u>
Fund Balances - Ending	<u>\$ 1,870,807</u>	<u>5,397,940</u>	<u>7,268,747</u>

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

## YALOBUSHA COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 73,747
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 \$1,734,115 exceeded depreciation of \$732,331 in the current period.	1,001,784
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 the fund balances by the amount of the gain of \$5,597, the loss of \$9,891 and proceeds from the sale of \$20,990 in the current period.	(25,284)
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.	18,296
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.	(3,307)
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 \$865,283 exceeds debt repayments of \$477,322.	(387,961)
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 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	(24,935)
Decrease in accrued interest payable	3,438
The amortization of:	
Premiums on bonds	3,596
Deferred amount on refunding bonds	(14,889)
Items reported in the Statement of Activities relating to the implementation of GASB Statement No. 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(702,852)
Recognition of contributions made subsequent to the measurement date	106,792
Recognition of contributions made in the fiscal year prior to the measurement date	<u>280,671</u>
Change in Net Position of Governmental Activities	\$ <u><u>329,096</u></u>

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>104,623</u>
Total Assets	\$ <u><u>104,623</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>104,623</u>
Total Liabilities	\$ <u><u>104,623</u></u>

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

## YALOBUSHA COUNTY

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

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

##### A. Financial Reporting Entity.

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

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

- Yalobusha General Hospital
- Yalobusha County Public Library System
- Yalobusha County Economic Development District

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

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

## YALOBUSHA COUNTY

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

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

#### Fund Financial Statements:

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

#### 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 Fund:

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

## YALOBUSHA 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 expenditures for specified purposes other than debt service or capital projects.

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

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 TYPES

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-termed highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

#### F. Receivables.

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

# YALOBUSHA COUNTY

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

### 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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables or payables between funds within governmental activities are eliminated in the Statement of Net Position.

### H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Yalobusha County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

## YALOBUSHA COUNTY

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

#### I. 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 element, deferred outflows of resources, represents a consumption of net position that applies to a future period 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.

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 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 life of the new debt, whichever is shorter.

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

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.

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

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

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

#### J. 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.

## YALOBUSHA COUNTY

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

#### K. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position. In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

#### L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consist 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 these 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.

## YALOBUSHA COUNTY

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

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

*Assigned fund balance* includes amounts that are constrained by the county's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed.

*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.

#### M. 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.

## YALOBUSHA COUNTY

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

#### N. 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.

#### O. 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.

#### P. Changes in Accounting Standards.

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

#### (2) Prior Period Adjustment.

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

##### Exhibit 2 - Statement of Activities - Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year error in capital assets	\$ <u>112,074</u>
Total	\$ <u><u>112,074</u></u>

#### (3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2019, was \$8,988,766 and the bank balance was \$9,483,837. 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 Depository Insurance Corporation (FDIC).

# YALOBUSHA COUNTY

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

**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.

### (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>
Other Governmental Funds	General	\$ <u>38,707</u>

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>35,000</u>

The amounts payable to the General Fund represent funds used for state aid road projects. All advances are expected to be repaid.

#### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 205,000
Other Governmental Funds	General Fund	192,953
Other Governmental Funds	Other Governmental Funds	<u>59,898</u>
Total		\$ <u>457,851</u>

The principal purpose of the interfund transfers was to provide funds for county operations and to distribute escrow funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

# YALOBUSHA COUNTY

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

- (5) Intergovernmental receivables at September 30, 2019, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 65,748
Reimbursement for welfare	4,359
Reimbursement for housing prisoners	11,715
Reimbursement for school resource officer	7,794
Reimbursement for patrolling the lake	4,248
Development infrastructure program	55,609
Timber severance tax	677
Heavy truck ad valorem	6,515
Truck & bus privilege tax	3,705
Youth court	988
Petroleum tax	40,127
Miscellaneous	<u>2,547</u>
Total Governmental Activities	<u>\$ 204,032</u>

- (6) Capital Assets.

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

### Governmental Activities:

	<u>Balance</u> <u>Oct. 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments *</u>	<u>Balance</u> <u>Sept. 30, 2019</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,003,404				1,003,404
Construction in progress		1,223,650			1,223,650
Total non-depreciable capital assets	<u>1,003,404</u>	<u>1,223,650</u>	<u>0</u>	<u>0</u>	<u>2,227,054</u>
<u>Depreciable capital assets:</u>					
Infrastructure	6,299,249				6,299,249
Buildings	16,660,638				16,660,638
Improvements other than buildings	25,325				25,325
Mobile equipment	6,647,483	270,010	166,537	122,677	6,873,633
Furniture and equipment	938,540	10,500			949,040
Leased property under capital leases	110,162	229,955			340,117
Total depreciable capital assets	<u>30,681,397</u>	<u>510,465</u>	<u>166,537</u>	<u>122,677</u>	<u>31,148,002</u>

(Continued)

# YALOBUSHA COUNTY

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

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments *	Balance Sept. 30, 2019
<u>Less accumulated depreciation for:</u>					
Infrastructure	913,066	128,235			1,041,301
Buildings	4,725,328	323,493			5,048,821
Improvements other than buildings	12,667	580			13,247
Mobile equipment	5,615,775	174,210	141,253	10,603	5,659,335
Furniture and equipment	579,001	69,808			648,809
Leased property under capital leases	33,837	36,005			69,842
Total accumulated depreciation	11,879,674	732,331	141,253	10,603	12,481,355
Total depreciable capital assets, net	18,801,723	(221,866)	25,284	112,074	18,666,647
Governmental activities capital assets, net	\$ 19,805,127	1,001,784	25,284	112,074	20,893,701

\* Adjustments are to correct prior year errors.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 172,776
Public safety	229,274
Public works	248,769
Health and welfare	10,636
Culture and recreation	14,759
Economic development	56,117
Total governmental activities depreciation expense	\$ 732,331

### Remaining Financial Commitment

Commitments with respect to unfinished capital projects at September 30, 2019 consisted of a contract for the construction of and expansion to an existing industrial facility that has a balance remaining of \$3,473,210. Construction is expected to be completed in June, 2021.

### (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.

YALOBUSHA COUNTY

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

(8) Capital Leases.

As Lessee:

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

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 340,117
Less: Accumulated depreciation	<u>69,842</u>
Leased Property Under Capital Leases	\$ <u><u>270,275</u></u>

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

<u>Year Ending September 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 92,817	6,722
2021	95,906	3,631
2022	<u>10,533</u>	<u>427</u>
Total	\$ <u><u>199,256</u></u>	<u><u>10,780</u></u>

(9) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Unlimited Refunding Bonds	\$ 875,000	3.11%	05/2022
\$2,075,000 G. O. Refunding Bond, Series 2017	<u>1,850,000</u>	2.70-3.13%	10/2033
Total General Obligation Bonds	\$ <u><u>2,725,000</u></u>		
B. Capital Leases:			
2015 Dodge Ram 1500	\$ 14,787	2.19%	03/2021
Ford Interceptor	10,861	2.59%	03/2021
Kubota tractor	19,874	2.69%	07/2021
2018 bush hog cutter	11,456	0.00%	10/2021
2012 Case 580 Super N backhoe	29,046	4.25%	02/2022
Asphalt distributor	<u>113,232</u>	3.84%	02/2021
Total Capital Leases	\$ <u><u>199,256</u></u>		

(Continued)

# YALOBUSHA COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loan: Ajinomoto CAP loan*	\$ <u>636,157</u>	3.00%	11/2040

\* As of September 30, 2019, the County has drawn \$636,157 of the total loan of \$4,179,433. Debt service will be made from proceeds of a lease with Ajinomoto. The loan and lease were finalized in June, 2021.

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

### Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 390,000	83,469		
2021	410,000	70,994	19,597	15,684
2022	415,000	57,219	24,171	18,166
2023	115,000	42,894	24,906	17,431
2024	120,000	39,369	25,664	16,674
2025-2029	670,000	139,565	140,513	71,174
2030-2034	605,000	37,582	163,223	48,464
2035-2039			189,602	22,083
2040-2044			48,481	914
Total	\$ <u>2,725,000</u>	<u>471,092</u>	<u>636,157</u>	<u>210,590</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 2.81% of the latest property assessments.

Advance Refunding - On December 29, 2017, the county issued \$2,075,000 in general obligation refunding bonds with an average interest rate of 2.70 - 3.13%. A portion of the proceeds of these bonds were used to advance refund \$1,930,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Sept. 30, 2019 Outstanding Amount Refunded
Certificate of Participation	1.75-5.00%	\$ 1,840,000

# YALOBUSHA COUNTY

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

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

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
Governmental Activities:					
General obligation bonds \$	3,105,000		380,000	2,725,000	390,000
Capital leases	67,452	229,126	97,322	199,256	92,817
Other loans		636,157		636,157	
Compensated absences	116,642	24,935		141,577	
Total	3,289,094	890,218	477,322	3,701,990	482,817
Add bond premium	39,518		3,596	35,922	
Total	\$ 3,328,612	890,218	480,918	3,737,912	482,817

### (10) Defined Benefit Pension Plan.

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

**Plan Description.** Yalobusha County, Mississippi, is a member of 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).

# YALOBUSHA COUNTY

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

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 share 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 year ended September 30, 2019, 2018, and 2017 were \$387,463, \$361,633, and \$344,827, respectively, equal to the required contribution 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 \$6,489,327 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 .036888 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.001271 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the county recognized pension expense of \$702,852. At September 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,522	6,510
Changes of assumptions	63,557	
Net difference between projected and actual earnings on pension plan investments		53,769
Changes in the county's proportion and differences between the county's contributions and proportionate share of contributions	235,667	
County contributions subsequent to the measurement date	<u>106,792</u>	
Total	<u>\$ 409,538</u>	<u>60,279</u>

# YALOBUSHA COUNTY

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

\$106,792 reported as deferred outflows of resources related to pension 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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 116,860	(11,841)
2021	128,063	106,064
2022	57,823	(4,317)
2023		(29,627)
Total	<u>\$ 302,746</u>	<u>60,279</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 included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimated future real rates of return (expected nominal returns, net of pension plan investments 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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	<u>1.00</u>	<u>0.25</u>
Total	<u>100.00 %</u>	

# YALOBUSHA COUNTY

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

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 table 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	\$ 8,530,445	\$ 6,489,327	\$ 4,804,567

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report.

### (11) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance by the grantor agency could result in 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.

Hospital Revenue Bond Contingencies - The county issues revenue bonds to provide funds for constructing and improving capital facilities of Yalobusha General 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 are secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2019, is \$935,000.

## YALOBUSHA COUNTY

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

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

The governmental activities' unrestricted net position amount of (\$4,090,513) includes the effect of deferred inflows/outflows on resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$106,792 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 \$302,746 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 \$60,279 balance of the deferred inflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years.

The governmental activities' net investment in capital asset net position of \$17,407,898 includes the effect of deferring recognition of expenditures resulting from an advance refunding of county debt. The \$110,532 balance of deferred outflows of resources at September 30, 2019 will be recognized as an expense and will decrease the net investment in capital assets net position over the next fourteen years.

#### (13) Related Organization.

The Yalobusha County Board of Supervisors is responsible for appointing a voting majority of the board members of the Yalobusha County Water & Sewer District, but the county's accountability for this organization does not exceed beyond making the appointments. The county did not appropriate any funds for the maintenance and support of the district in fiscal year 2019.

#### (14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Communicare operates in a district composed of the counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Yalobusha County Board of Supervisors appoints 1 of the 7 members of the board of commissioners. The county appropriated \$20,280 for support of the agency in fiscal year 2019.

The North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Holmes, Leflore, Montgomery and Yalobusha. The Yalobusha County Board of Supervisors appoints 4 of the 28 members of the district board of directors. The county appropriated \$41,071 for maintenance and support of the district in fiscal year 2019.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica, and Yalobusha. The Yalobusha County Board of Supervisors appoints 2 of the 23 members of the college board of trustees. The county appropriated \$179,778 for maintenance and support of the college in fiscal year 2019.

In 2003, the Oakland/Yalobusha Natural Gas District was formed to provide natural gas distribution infrastructure and natural gas to the Town of Oakland and parts of Yalobusha County. The Yalobusha County Board of Supervisors appoints 2 of the 7 members of the governing board of the district. The county did not appropriate any funds for fiscal year 2019.

# YALOBUSHA COUNTY

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

### (15) Tax Abatements.

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

The Yalobusha County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The county had tax abatement agreements with 7 entities as of September 30, 2019. These exemptions expire at various periods from fiscal year-end within a ten-year time frame. For fiscal year 2019, \$2,124,680 in taxes were abated for these entities.

The county had two types of abatements; none of which provide for the abatement of school or state tax levies.

Sections 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972  
All allowable property tax levies.

<u>Category</u>	<u>% of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Economic development projects	61.43%	\$ 2,124,680

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

### (16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Yalobusha County evaluated the activity of the county through June 21, 2021, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/05/2020	3.25%	\$ 31,250	Capital lease	Ad valorem tax

## YALOBUSHA COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,356,502	3,444,013	3,444,013	
Licenses, commissions and other revenue	72,900	99,459	99,459	
Fines and forfeitures	94,700	183,583	183,583	
Intergovernmental revenues	489,983	434,748	434,748	
Charges for services	124,360	42,105	42,105	
Interest income	26,600	76,285	76,285	
Miscellaneous revenues	85,117	135,213	135,213	
Total Revenues	<u>4,250,162</u>	<u>4,415,406</u>	<u>4,415,406</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,349,025	2,187,402	2,187,402	
Public safety	1,287,540	1,492,221	1,492,221	
Health and welfare	370,057	365,019	365,019	
Culture and recreation	92,827	92,827	92,827	
Conservation of natural resources	60,997	58,889	58,889	
Economic development	15,474	18,513	18,513	
Total Expenditures	<u>4,175,920</u>	<u>4,214,871</u>	<u>4,214,871</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>74,242</u>	<u>200,535</u>	<u>200,535</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	169,271	321,756	321,756	
Transfers out	(303,133)	(405,897)	(405,897)	
Total Other Financing Sources and Uses	<u>(133,862)</u>	<u>(84,141)</u>	<u>(84,141)</u>	<u>0</u>
Net Change in Fund Balance	(59,620)	116,394	116,394	0
Fund Balances - Beginning	<u>2,065,244</u>	<u>1,995,123</u>	<u>1,995,123</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,005,624</u>	<u>2,111,517</u>	<u>2,111,517</u>	<u>0</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.036888 %	0.035617 %	0.034375 %	0.035257 %	0.034470 %	0.033280 %
County's proportionate share of the net pension liability (asset)	\$ 6,489,327	5,924,165	5,714,292	6,297,781	5,328,382	4,039,583
County's covered payroll	\$ 2,437,115	2,310,807	2,189,381	2,255,492	2,153,948	2,033,427
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	266.27086 %	256.3678 %	261.0003 %	279.219825 %	247.377467 %	198.65887 %
Plan fiduciary net position as a percentage of the total pension liability	61.59 %	62.54 %	61.49 %	57.467727 %	61.703983 %	67.207687 %

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year 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 was available.

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

YALOBUSHA COUNTY  
Schedule of the County's Contributions  
Last 10 Fiscal Years\* - UNAUDITED  
PERS  
For the Year Ended September 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 387,463	361,633	344,827	354,719	342,903	323,103
Contributions in relation to the contractually required contribution	<u>387,463</u>	<u>361,633</u>	<u>344,827</u>	<u>354,719</u>	<u>342,903</u>	<u>323,103</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
County covered payroll	\$ 2,393,221	2,296,083	2,189,378	2,252,184	2,177,162	2,051,448
Contributions as a percentage of covered payroll	16.19% *	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year 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 the required supplementary information are an integral part of this schedule.

# YALOBUSHA COUNTY

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

### (1) Budget.

#### A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-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. 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:

	<u>Governmental Fund Type</u> General Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ 116,394
Increase (Decrease):	
Net adjustments for revenue accruals	84,159
Net adjustments for expenditure accruals	<u>(266,800)</u>
Net Change in Fund Balance - GAAP Basis	\$ <u><u>(66,247)</u></u>

YALOBUSHA COUNTY

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

(2) 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%.

## YALOBUSHA COUNTY

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

#### 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 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 Pub T.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 services 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 7% to 9%.

#### B. Changes in Benefit Provisions.

#### 2016

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

## YALOBUSHA COUNTY

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

#### 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 the schedule:

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

## YALOBUSHA COUNTY

## OTHER INFORMATION

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

Name	Position	Company	Bond
Cayce Washington	Supervisor - District 1	Old Republic	\$ 100,000
Kenny Rogers	Supervisor - District 2	Old Republic	\$ 100,000
John Lee McMinn	Supervisor - District 3	Old Republic	\$ 100,000
Timothy Booker	Supervisor - District 4	Old Republic	\$ 100,000
Gaylon Gray	Supervisor - District 5	Old Republic	\$ 100,000
Amy F. McMinn	Chancery Clerk	Old Republic	\$ 100,000
Vicki Vance	Purchase Clerk	Old Republic	\$ 100,000
Sheila Schmitz	Receiving Clerk	Old Republic	\$ 75,000
Wade Williams	Assistant Receiving Clerk	Old Republic	\$ 50,000
Joe Pomerlee	Assistant Receiving Clerk	Old Republic	\$ 50,000
Tommy Marion	Assistant Receiving Clerk	Old Republic	\$ 50,000
Annie Harris	Assistant Receiving Clerk	Old Republic	\$ 50,000
Libby Kuchta	Assistant Receiving Clerk	Old Republic	\$ 50,000
Wayne Smith	Assistant Receiving Clerk	Old Republic	\$ 50,000
Amy F. McMinn	Inventory Control Clerk	Old Republic	\$ 75,000
Randy Simmons	Constable	Old Republic	\$ 50,000
Ralph Horton	Constable	Old Republic	\$ 50,000
Daryl Burney	Circuit Clerk	Old Republic	\$ 100,000
Lawanda Fly	Deputy Circuit Clerk	Old Republic	\$ 50,000
Vicki Caldwell	Deputy Circuit Clerk	Old Republic	\$ 50,000
William F. Humphreys	Sheriff	Old Republic	\$ 100,000
Janet Caulder	Justice Court Judge	Old Republic	\$ 50,000
Steve Riley	Justice Court Judge	Old Republic	\$ 50,000
Carol Wilbourn	Justice Court Clerk	Old Republic	\$ 50,000
Connie Stark	Deputy Justice Court Clerk	Old Republic	\$ 50,000
Linda Shuffield	Tax Assessor/Collector	Old Republic	\$ 100,000
John Foxx	Assistant Receiving Clerk	Old Republic	\$ 50,000
Brenda Joiner	Assistant Receiving Clerk	Old Republic	\$ 50,000
Sara Jones	Assistant Receiving Clerk	Old Republic	\$ 50,000
Ronnie Stark	Coroner	Old Republic	\$ 10,000
Vicki Vance	Assistant Garbage Clerk	Old Republic	\$ 50,000
Sheila Schmitz	Rubbish Landfill Clerk	Old Republic	\$ 10,000
Sheila Schmitz	Garbage Clerk	Old Republic	\$ 10,000

## YALOBUSHA COUNTY

### SPECIAL REPORTS

# Windham and Lacey, PLLC

## *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*

Members of the Board of Supervisors  
Yalobusha County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Yalobusha County, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 21, 2021. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2019-002 to be a significant deficiency.

### **Compliance and Other Matters**

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

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

Yalobusha County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Yalobusha County's responses and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



Windham and Lacey, PLLC  
June 21, 2021

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members of the Board of Supervisors  
Yalobusha County, Mississippi

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

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

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

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

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to the examination.

This report is intended for use in evaluating Yalobusha 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.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
June 21, 2021

YALOBUSHA COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder

For the Year Ended September 30, 2019

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

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

Schedule 2

Our test results did not identify any emergency purchases.

YALOBUSHA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively from a Sole Source

For the Year Ended September 30, 2019

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

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Mississippi Society of CPAs

### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Yalobusha County, Mississippi

In planning and performing our audit of the financial statements of Yalobusha County, Mississippi, for the year ended September 30, 2019, we considered Yalobusha 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 Yalobusha County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 21, 2021, on the financial statements of Yalobusha County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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



Windham and Lacey, PLLC  
June 21, 2021

## YALOBUSHA COUNTY

### SCHEDULE OF FINDINGS AND RESPONSES

YALOBUSHA COUNTY

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

Section 1: Summary of Auditor's Results

*Financial Statements:*

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued on the financial statements:                        |            |
|    | Governmental activities   | Unmodified |
|    | Aggregate discretely presented component units                                      | Adverse    |
|    | General Fund  | Unmodified |
|    | Aggregate remaining fund information  | Unmodified |
| 2. | Internal control over financial reporting:  |            |
| a. | Material weakness identified?   | Yes        |
| b. | Significant deficiency identified that is not considered to be a material weakness? | Yes        |
| 3. | Noncompliance material to the financial statements?                                 | No         |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2019-001. Omission of financial data for the county's component units.

Repeat Finding: Yes: 2017-001 and 2018-001

Criteria

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

Condition

The financial statements do not include the financial data for the county's legally separate component units.

## YALOBUSHA COUNTY

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

#### Cause

The Board of Supervisors believe that the cost of reporting the county's component units with the county's primary government would outweigh the benefits derived from reporting them. Therefore, the county has chosen not to report the component units.

#### Effect

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

#### Recommendation

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

#### Board of Supervisors' Response

The Board will consider providing audited financial statements on its component units.

Sheriff's Office.

#### Significant Deficiency

2019-002. Accountability for cash collections in the Sheriff's Office.

Repeat Finding: Yes: 2018-002

#### Criteria

Effective internal control procedures are necessary to the proper management of cash. Management of the Sheriff's Office should design, implement and monitor internal controls over cash collections.

#### Condition

Internal controls over cash in the Sheriff's Office were found to be deficient for the following reasons:

- a. Bank accounts were not reconciled.
- b. Collections were not deposited in the bank in a timely manner. Deposits should be made daily.
- c. Settlements due to the county and the Justice Court Clerk were not always made by the 20<sup>th</sup> of the following month.

YALOBUSHA COUNTY

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

Cause

Insufficient management oversight of cash collections and settlements, bank reconciliations and deposits. Internal controls were not monitored.

Effect

Internal control procedures are necessary so that misappropriation of cash will be prevented, or detected and corrected on a timely basis. Additionally, timely settlements are necessary to the proper operations of the county and the Justice Court.

Recommendation

The Board of Supervisors should institute procedures to insure that the internal controls noted above will be applied. This can be accomplished by having bank reconciliations reviewed by the Chancery Clerk's office monthly, noting regular deposits. Additionally, the Chancery Clerk's office could monitor settlements for timeliness.

Board of Supervisors' Response

The Board of Supervisors will comply with the recommendations made in this finding.