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ITAWAMBA COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**ITAWAMBA COUNTY
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SEPTEMBER 30, 2020**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Itawamba County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Itawamba County, Mississippi, (the County) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Itawamba County, Mississippi, as of September 30, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Governmental Activities and the General Fund

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Justice Court and the aging of these fines receivable. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of Justice Court fines receivable, net, reported on the Statement of Net Position as of September 30, 2020. Also, because of the nature of the Justice Court fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions in the General Fund, which affects the accuracy of assets and deferred inflows of resources on the Governmental Funds Balance Sheet.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Itawamba County, Mississippi, as of September 30, 2020, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, Countywide Road Maintenance Fund, Jail Construction Fund, and the aggregate remaining fund information of Itawamba County, Mississippi, as of September 30, 2020, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024, on our consideration of the County'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 the 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 the County's internal control over financial reporting and compliance.

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

J. E. Vance & Company, P.A.
May 20, 2024

FINANCIAL STATEMENTS

Itawamba County
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 9,490,823	97,780	9,588,603
Cash with fiscal agent	9,266,398		9,266,398
Property tax receivable	5,351,787		5,351,787
Accounts receivable (net of allowance for uncollectibles of \$418,673)		106,277	106,277
Fines receivable (net of allowance for uncollectibles of \$1,537,722)	466,147		466,147
Intergovernmental receivables	1,718,519	11,936	1,730,455
Other receivables	55,116	67,602	122,718
Capital lease receivable	191,383		191,383
Internal balances	187,267	(187,267)	
Capital assets:			
Land and construction in progress	12,384,751		12,384,751
Other capital assets, net	18,992,383	951,737	19,944,120
Total Assets	58,104,574	1,048,065	59,152,639
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	50,100		50,100
Deferred outflows related to pensions	1,313,369	145,930	1,459,299
Total Deferred Outflows of Resources	1,363,469	145,930	1,509,399
LIABILITIES			
Claims payable	1,535,160	48,063	1,583,223
Intergovernmental payables	437,127		437,127
Accrued interest payable	59,327	955	60,282
Unearned revenue	1,730,293	119,452	1,849,745
Amounts held in custody for others	12,906		12,906
Long-term liabilities:			
Net Pension Liability	10,677,483	1,186,387	11,863,870
Due within one year:			
Capital debt	1,119,998	190,967	1,310,965
Non-capital debt	74,102		74,102
Due in more than one year:			
Capital debt	13,455,026	477,276	13,932,302
Non-capital debt	522,132	43,350	565,482
Total Liabilities	29,623,554	2,066,450	31,690,004
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	5,351,787		5,351,787
Interest on capital lease receivable	16,219		16,219
Total Deferred Inflows of Resources	5,368,006	0	5,368,006
NET POSITION			
Net investment in capital assets	16,852,210	283,494	17,135,704
Restricted:			
Expendable:			
General government	95,758		95,758
Public safety	1,024,533		1,024,533
Public safety - jail construction	9,266,398		9,266,398
Public works	1,669,697		1,669,697
Health and welfare	1,284,475		1,284,475
Economic development	377,302		377,302
Debt service	1,018,652		1,018,652
Unrestricted	(7,112,542)	(1,155,949)	(8,268,491)
Total Net Position	\$ 24,476,483	(872,455)	23,604,028

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

Itawamba County
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,154,509	541,940	52,021		(2,560,548)		(2,560,548)
Public safety	2,683,884	349,048	537,168	90,000	(1,707,668)		(1,707,668)
Public works	4,005,781		947,991	3,151,946	94,156		94,156
Health and welfare	183,068		42,349		(140,719)		(140,719)
Culture and recreation	101,685				(101,685)		(101,685)
Conservation of natural resources	138,537		7,500		(131,037)		(131,037)
Economic development and assistance	1,532,856		736,215		(796,641)		(796,641)
Interest on long-term debt	602,457				(602,457)		(602,457)
Pension expense	1,373,472				(1,373,472)		(1,373,472)
Total Governmental Activities	<u>13,776,249</u>	<u>890,988</u>	<u>2,323,244</u>	<u>3,241,946</u>	<u>(7,320,071)</u>		<u>(7,320,071)</u>
Business-type activities:							
Solid Waste	1,474,029	1,340,710	11,935			(121,384)	(121,384)
Total Primary Government	<u>\$ 15,250,278</u>	<u>2,231,698</u>	<u>2,335,179</u>	<u>3,241,946</u>	<u>(7,320,071)</u>	<u>(121,384)</u>	<u>(7,441,455)</u>
General revenues:							
Property taxes					\$ 8,021,233		8,021,233
Road & bridge privilege taxes					485,754		485,754
Grants and contributions not restricted to specific programs					486,605		486,605
Unrestricted interest income					147,413	1,325	148,738
Miscellaneous					<u>673,330</u>	<u>11,270</u>	<u>684,600</u>
Total General Revenues					9,814,335	12,595	9,826,930
Changes in Net Position					2,494,264	(108,789)	2,385,475
Net Position - Beginning, as originally reported					21,304,213	(763,666)	20,540,547
Prior period adjustments					<u>678,006</u>		<u>678,006</u>
Net Position - Beginning, as restated					<u>21,982,219</u>	<u>(763,666)</u>	<u>21,218,553</u>
Net Position - Ending					<u>\$ 24,476,483</u>	<u>(872,455)</u>	<u>23,604,028</u>

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

Itawamba County
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds				
	General	Countywide Road	Jail	Other	Total
	Fund	Maintenance	Construction	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
ASSETS					
Cash	\$ 1,728,860	1,074,770		6,687,193	9,490,823
Cash with fiscal agent			9,266,398		9,266,398
Property tax receivable	3,375,560	931,575		1,044,652	5,351,787
Fines receivable (net of allowance for uncollectibles of \$1,537,722)	466,147				466,147
Capital lease receivable				191,383	191,383
Intergovernmental receivables	556,180	88,483		203,456	848,119
Other receivables	17,038			38,078	55,116
Due from other funds	20,922	84,680		71,267	176,869
Advances to other funds	200,656			96,000	296,656
Total Assets	\$ 6,365,363	2,179,508	9,266,398	8,332,029	26,143,298
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Claims payable	\$ 125,587	139,189		1,270,384	1,535,160
Intergovernmental payables	437,127				437,127
Due to other funds	190,258				190,258
Advances from other funds				96,000	96,000
Unearned revenue - capital projects				1,730,293	1,730,293
Amounts held in custody of others	12,906				12,906
Total Liabilities	765,878	139,189	-0-	3,096,677	4,001,744
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,375,560	931,575		1,044,652	5,351,787
Unavailable revenue - fines	466,147				466,147
Unavailable revenue - principal and interest on capital leases				191,383	191,383
Total Deferred Inflows of Resources	3,841,707	931,575	-0-	1,236,035	6,009,317
Fund balances:					
Nonspendable:					
Advances	200,656				200,656
Restricted for:					
General government				95,758	95,758
Public safety			9,266,398	1,024,533	10,290,931
Public works		1,108,744		560,953	1,669,697
Health and welfare				1,284,475	1,284,475
Economic development and assistance				377,302	377,302
Debt service				1,077,979	1,077,979
Unassigned	1,557,122			(421,683)	1,135,439
Total Fund Balances	1,757,778	1,108,744	9,266,398	3,999,317	16,132,237
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,365,363	2,179,508	9,266,398	8,332,029	26,143,298

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

Itawamba County
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2020

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 16,132,237
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$19,491,931.	31,377,134
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	466,147
Intergovernmental receivables	870,400
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,171,258)
Deferred amount on refunding is not a financial resource and, therefore, is not reported in the funds.	50,100
Net Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,677,483)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(59,327)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	175,164
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	<u>1,313,369</u>
Total Net Position - Governmental Activities	\$ <u>24,476,483</u>

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

Itawamba County
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

Exhibit 4

	Major Funds				Total
	General Fund	Countywide Road Maintenance Fund	Jail Construction Fund	Other Governmental Funds	Governmental Funds
REVENUES					
Property taxes	\$ 5,082,183	1,322,584		1,616,466	8,021,233
Road and bridge privilege taxes		485,754			485,754
Licenses, commissions and other revenue	249,108			4,974	254,082
Fines and forfeitures	253,241			12,227	265,468
Intergovernmental revenues	872,221	1,057,852		3,464,107	5,394,180
Charges for services	35,573			288,891	324,464
Interest income	74,243	9,956	5,101	58,113	147,413
Miscellaneous revenues	49,947	6,364		617,019	673,330
Total Revenues	<u>6,616,516</u>	<u>2,882,510</u>	<u>5,101</u>	<u>6,061,797</u>	<u>15,565,924</u>
EXPENDITURES					
Current:					
General government	3,201,739			17,308	3,219,047
Public safety	2,406,146			844,965	3,251,111
Public works		3,081,660		1,167,970	4,249,630
Health and welfare	126,126			29,000	155,126
Culture and recreation	101,685				101,685
Conservation of natural resources	112,635			25,902	138,537
Economic development and assistance	499,660			1,080,289	1,579,949
Capital projects			2,149,498	2,222,567	4,372,065
Debt service:					
Principal	85,607	116,628		919,179	1,121,414
Interest	3,104	8,511	139,200	107,081	257,896
Bond Issue Costs			298,747		298,747
Total Expenditures	<u>6,536,702</u>	<u>3,206,799</u>	<u>2,587,445</u>	<u>6,414,261</u>	<u>18,745,207</u>
Excess of Revenues over (under) Expenditures	<u>79,814</u>	<u>(324,289)</u>	<u>(2,582,344)</u>	<u>(352,464)</u>	<u>(3,179,283)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	44,048	489,301	10,785,000	90,000	11,408,349
Long-term non-capital debt issued	348,365				348,365
Proceeds from sale of capital assets		7,132			7,132
Premium on bonds issued			88,283		88,283
Discount on bonds issued			(6,986)		(6,986)
Compensation for loss of capital assets		71,133			71,133
Lease principal payments				36,253	36,253
Transfers in	612,060	91,600	1,141,823	1,130,941	2,976,424
Transfers out	(812,742)	(3,665)		(2,160,017)	(2,976,424)
Total Other Financing Sources and Uses	<u>191,731</u>	<u>655,501</u>	<u>12,008,120</u>	<u>(902,823)</u>	<u>11,952,529</u>
Net Changes in Fund Balances	<u>271,545</u>	<u>331,212</u>	<u>9,425,776</u>	<u>(1,255,287)</u>	<u>8,773,246</u>
Fund Balances - Beginning, as originally reported	1,263,157	761,786	(159,378)	4,869,616	6,735,181
Prior period adjustments	223,076	15,746		384,988	623,810
Fund Balances - Beginning, as restated	<u>1,486,233</u>	<u>777,532</u>	<u>(159,378)</u>	<u>5,254,604</u>	<u>7,358,991</u>
Fund Balances - Ending	<u>\$ 1,757,778</u>	<u>1,108,744</u>	<u>9,266,398</u>	<u>3,999,317</u>	<u>16,132,237</u>

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

Itawamba County
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 8,773,246
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 \$5,865,560 exceeded depreciation of \$1,214,960 in the current period.	4,650,600
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$198,455 and the proceeds from the sale of \$7,132 in the current period.	(205,587)
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.	46,974
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in long-term receivables:	
Intergovernmental revenues	711,811
Prior period adjustment to previously reported long-term receivables	(54,196)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Proceeds of capital debt issued	(11,408,349)
Proceeds of non-capital debt issued	(348,365)
Premiums on bonds issued	(88,283)
Discount on bonds issued	6,986
Debt repayments	1,121,414
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(111,699)
Increase in accrued interest payable	(30,808)
Amortization of deferred amount on refunding	(16,700)
Amortization of premium on bonds	1,839
Amortization of discount on bonds	(145)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of principal collections on capital leases.	(36,253)
During the current year, the County assumed a capital lease receivable from the City of Fulton along with the remaining debt payments due on the property. The acquisition of this capital lease is recorded in the Statement of Activities.	211,417
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,373,472)
Recording of contributions made to defined benefit pension plan	643,834
Change in Net Position of Governmental Activities	\$ <u>2,494,264</u>

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

Itawamba County
Statement of Net Position - Proprietary Fund
September 30, 2020

Exhibit 5

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 97,780
Accounts receivable (net of allowance for uncollectibles of \$418,673)	106,277
Intergovernmental receivables	11,936
Other receivables	67,602
Due from other funds	34,311
Total Current Assets	<u>317,906</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>951,737</u>
Total Noncurrent Assets	<u>951,737</u>
Total Assets	<u>1,269,643</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>145,930</u>
Total Deferred Outflows of Resources	<u>145,930</u>
LIABILITIES	
Current liabilities:	
Claims payable	48,063
Due to other funds	20,922
Advances from other funds	200,656
Accrued interest payable	955
Unearned revenue	119,452
Capital debt:	
Capital leases payable	<u>190,967</u>
Total Current Liabilities	<u>581,015</u>
Noncurrent Liabilities:	
Net Pension Liability	1,186,387
Capital debt:	
Capital leases payable	477,276
Non-capital debt:	
Compensated absences payable	<u>43,350</u>
Total Noncurrent Liabilities	<u>1,707,013</u>
Total Liabilities	<u>2,288,028</u>
NET POSITION	
Net investment in capital assets	283,494
Unrestricted	<u>(1,155,949)</u>
Total Net Position	<u>\$ (872,455)</u>

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

Itawamba County
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 6

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 1,340,710
Total Operating Revenues	<u>1,340,710</u>
Operating Expenses	
Personal services	562,424
Pension expense	153,787
Contractual services	437,312
Materials and supplies	139,682
Depreciation expense	141,687
Indirect administrative cost	20,922
Total Operating Expenses	<u>1,455,814</u>
Operating Income (Loss)	<u>(115,104)</u>
Nonoperating Revenues (Expenses)	
Interest income	1,325
Interest expense	(18,215)
Intergovernmental grants	11,935
Other income	11,270
Net Nonoperating Revenue (Expenses)	<u>6,315</u>
Change in Net Position	<u>(108,789)</u>
Net Position - Beginning	<u>(763,666)</u>
Net Position - Ending	<u>\$ (872,455)</u>

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

Itawamba County
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 7

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,365,765
Payments to suppliers	(577,074)
Payments to employees	(622,850)
Net Cash Provided (Used) by Operating Activities	<u>165,841</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(209,237)
Interest paid on long-term debt	(18,728)
Acquisition of capital assets	(33,900)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(261,865)</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	8,803
Net Cash Provided (Used) by Noncapital Financing Activities	<u>8,803</u>
Cash Flows From Investing Activities	
Interest on deposits	1,325
Other Receipts	11,270
Net Cash Provided (Used) by Investing Activities	<u>12,595</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(74,626)
Cash and Cash Equivalents at Beginning of Year	172,406
Cash and Cash Equivalents at End of Year	<u>\$ 97,780</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (115,104)
Adjustments to reconcile operating income (loss) to net cash	
provided (used) by operating activities:	
Depreciation expense	141,687
Pension expense	153,787
Contributions made to retirement plan	(72,715)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	4,199
(Increase) decrease in other receivables	(3,265)
Increase (decrease) in claims payable	(81)
Increase (decrease) in unearned revenue	12,716
Increase (decrease) in compensated absences liability	12,289
Increase (decrease) in interfund payables	32,328
Total Adjustments	<u>280,945</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 165,841</u>

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

Itawamba County
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>80,856</u>
Total Assets	\$ <u><u>80,856</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 14,562
Intergovernmental payables	<u>66,294</u>
Total Liabilities	\$ <u><u>80,856</u></u>

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

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

B. Individual Component Unit Disclosures

Blended Component Units

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

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

B. Individual Component Unit Disclosures (Continued)

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

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

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

C. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

D. Measurement Focus and Basis of Accounting

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

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

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

The County reports the following major governmental funds:

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

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

Jail Construction Fund – This fund is used to account for monies received from the issuance of certificates of participation notes for the purpose of constructing a new jail.

The County reports the following major Proprietary Fund:

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

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

D. Measurement Focus and Basis of Accounting (Continued)

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

Proprietary Fund Type

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

Fiduciary Fund Type

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

E. Account Classifications

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

F. Deposits and Investments

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

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

G. Receivables

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

H. Interfund Transactions and Balances

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. Prepaid Items

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

J. Capital Assets

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

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

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

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

The following schedule details those thresholds and estimated useful lives:

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

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

K. Deferred Outflows/Inflows of Resources

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

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

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

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

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

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

Interest on capital lease receivable / unavailable revenue – principal and interest on capital leases – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

L. Pensions

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

M. Long-Term Liabilities

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

N. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

N. Equity Classifications (continued)

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

O. Property Tax Revenues

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

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

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

P. Intergovernmental Revenues in Governmental Funds

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

Q. Compensated Absences

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

R. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, Leases, were postponed eighteen months.

(2) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$18,935,857 (including deposits of \$80,856 in fiduciary accounts), and the bank balance was \$19,374,412. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 20,922
Countywide Road Maintenance Fund	General Fund	84,680
Other Governmental Funds	General Fund	71,267
Solid Waste Fund	General Fund	34,311
Total		<u>\$ 211,180</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2020. The payable from the Solid Waste Fund represents the indirect cost for the September 30, 2020 fiscal year, which is expected to be repaid within one year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 200,656
Other Governmental Funds	Other Governmental Funds	96,000
Total		<u>\$ 296,656</u>

The advance to the Solid Waste Fund represents the indirect cost for the 2009 through 2019 fiscal year, which is not expected to be repaid within one year. The advance to other governmental funds represents a loan to cover costs of another fund, which is not expected to be repaid within one year.

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
<i>Governmental Funds:</i>		
General Fund	Other Governmental Funds	\$ 612,060
Countywide Road Maintenance Fund	Other Governmental Funds	91,600
Jail Construction Fund	General Fund	391,823
Jail Construction Fund	Other Governmental Funds	750,000
Other Governmental Funds	General Fund	420,919
Other Governmental Funds	Countywide Road Maintenance Fund	3,665
Other Governmental Funds	Other Governmental Funds	706,357
Total Governmental Funds		<u>\$ 2,976,424</u>

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(4) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2020 consisted of the following:

Description	Amount
Governmental Funds:	
<i>General Fund</i>	
Legislative tag credit	\$ 121,377
MDHS welfare/food stamp reimbursement	4,143
CARES Act	419,100
Beaver program	7,500
Other	4,060
	<u>556,180</u>
<i>County-Wide Road Maintenance Fund</i>	
Motor vehicle fuel tax	44,451
Motor vehicle licenses	20,449
Harvest permits and overweight fines	23,583
	<u>88,483</u>
<i>Other Governmental Funds</i>	
MDA grant	79,266
MDOT grant	123,726
Motor vehicle licenses	464
	<u>203,456</u>
Total Governmental Funds	<u>848,119</u>
MDA grant	649,453
MDOT grant	25,593
MEMA disaster recovery	28,603
Federal/State payments in lieu of tax	145,703
Harvest permits and overweight fines	21,048
	<u>870,400</u>
Total Long-Term Receivables	<u>870,400</u>
Total Governmental Activities	<u>\$ 1,718,519</u>
Business-type Activities:	
<i>Solid Waste Fund</i>	
MDEQ solid waste enforcement program	\$ <u>11,936</u>
Total Business-type Activities / Solid Waste Fund	<u>\$ 11,936</u>

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(5) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Governmental Activities:					
<u>Non-depreciable capital assets</u>					
Land	\$ 7,366,240	22,404	(48,500)		\$ 7,340,144
Construction in progress	100,630	4,943,977			5,044,607
Total non-depreciable capital assets	<u>7,466,870</u>	<u>4,966,381</u>	<u>(48,500)</u>	<u>-0-</u>	<u>12,384,751</u>
<u>Depreciable capital assets</u>					
Infrastructure	11,641,361				11,641,361
Buildings	5,272,004	94,986			5,366,990
Improvements other than buildings	9,350,642		(134,002)		9,216,640
Mobile equipment	8,404,399	39,995	(239,818)	185,566	8,390,142
Furniture and equipment	1,991,124		(6,823)		1,984,301
Leased property under capital leases	1,306,248	764,198		(185,566)	1,884,880
Total depreciable assets	<u>37,965,778</u>	<u>899,179</u>	<u>(380,643)</u>	<u>-0-</u>	<u>38,484,314</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	2,491,013	256,465			2,747,478
Buildings	2,753,850	107,340			2,861,190
Improvements other than buildings	4,378,458	374,026	(53,601)		4,698,883
Mobile equipment	6,838,204	246,043	(163,814)	87,417	7,007,850
Furniture and equipment	1,656,590	32,255	(6,141)		1,682,704
Leased property under capital leases	382,412	198,831		(87,417)	493,826
Total accumulated depreciation	<u>18,500,527</u>	<u>1,214,960</u>	<u>(223,556)</u>	<u>-0-</u>	<u>19,491,931</u>
Total depreciable capital assets, net	<u>19,465,251</u>	<u>(315,781)</u>	<u>(157,087)</u>	<u>-0-</u>	<u>18,992,383</u>
Governmental activities capital assets, net	<u>\$ 26,932,121</u>	<u>4,650,600</u>	<u>(205,587)</u>	<u>-0-</u>	<u>\$ 31,377,134</u>
Business-type Activities:					
<u>Depreciable capital assets</u>					
Mobile equipment	\$ 601,914	33,900			\$ 635,814
Leased property under capital leases	1,076,095				1,076,095
Total depreciable assets	<u>1,678,009</u>	<u>33,900</u>	<u>-0-</u>	<u>-0-</u>	<u>1,711,909</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	409,883	32,974			442,857
Leased property under capital leases	208,602	108,713			317,315
Total accumulated depreciation	<u>618,485</u>	<u>141,687</u>	<u>-0-</u>	<u>-0-</u>	<u>760,172</u>
Total depreciable capital assets, net	<u>1,059,524</u>	<u>(107,787)</u>	<u>-0-</u>	<u>-0-</u>	<u>951,737</u>
Business-type activities capital assets, net	<u>\$ 1,059,524</u>	<u>(107,787)</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 951,737</u>

Adjustments were made to reclassify assets no longer under capital lease obligation.

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(5) Capital Assets (Continued)

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 79,396
Public safety	140,673
Public works	802,625
Health and welfare	27,942
Economic Development	164,324
Total Governmental Activities	\$ 1,214,960
Business-type activities:	
Solid Waste	\$ 141,687
Total Business-type Activities	\$ 141,687

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Governmental Activities:	Remaining Financial Commitment	Expected Date of Completion
Description of Commitment		
State-Aid Project STP/BR-0029(33)BO	\$ 832,393	October-21
ERBR STPBR 0029 32 BO - Scott Senter	55,780	September-21
ERBR LSBP 29 34 - Mount Pleasant	54,389	September-21
2018 SB-2002 Railway Authority Improvements	655,876	November-21
County Jail	8,473,505	May-22
Total Governmental Activities	\$ 10,071,943	

(6) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(7) Operating Leases

As Lessor:

The County receives income from property it leases under noncancelable operating leases. Total income from such leases was \$575,328 for the year ended September 30, 2020.

On October 23, 2001, the Itawamba County Port Commission (blended component unit of Itawamba County) entered into an operating lease with Monotech of Mississippi – Fulton (PSP Industries) for the lease of certain real property to be used for a steel fabrication plant. The operating lease stipulated that the lessee would pay approximately \$6,500 per month in lease payments commencing November 1, 2001 and continuing for a fifteen-year period ending November 1, 2016. The lessee has an option to renew the lease for four fifteen-year terms and has elected to renew the first fifteen-year term beginning November 1, 2016 and ending November 1, 2031. Lease payments are adjusted every five years according to the consumer price index, not to exceed ten percent of the then existing base rent. As of September 30, 2020, current monthly lease payments are \$8,651 per month.

On August 1, 2010, Itawamba County entered into an operating lease with Community Living Centers, LLC for the lease of certain property to be used for a nursing home for the purpose of safeguarding community health interest and enhance and promote the public health and general welfare of its citizens. The operating lease stipulated that the lessee would pay approximately \$21,630 per month in lease payments commencing August 20, 2010. The term of the primary sublease began on the closing date, August 1, 2010, and ended August 1, 2015. Community Living Centers has an option to renew the lease for two five-year terms and has elected to renew both terms beginning August 1, 2015 and August 1, 2020, respectively. The base rental payment has increased to \$22,712 for the first five-year extension and has increased further to \$23,848 per month for the second five-year extension ending August 1, 2025.

On November 1, 2019, Itawamba County entered into an operating agreement with Wood's Trailer Shop, LLC for the lease of the Itawamba County Railway Authority assets. The operating lease stipulated that the lessee would pay \$1,500 per month in lease payments commencing November 1, 2019 and continuing for a twenty-two month period ending September 1, 2021, and then pay \$2,000 per month continuing for a thirty-eight month period ending November 1, 2024. The lessee has an option to renew the lease for four five-year terms. The monthly rent for each successive term, if renewed, shall increase to \$2,600, \$2,860, \$3,146, and \$3,460, respectively.

The future minimum lease receivables as of September 30, 2020, are as follows:

Year Ending September 30,	PSP Industries	Community Living Centers	Wood's Trailer Shop	Total
2021	\$ 78,000	274,816	24,000	376,816
2022	78,000	286,176	24,000	388,176
2023	78,000	286,176	24,000	388,176
2024	78,000	286,176	24,000	388,176
2025	78,000	262,328	4,000	344,328
2026-2030	390,000			390,000
2031-2035	91,000			91,000
Total	\$ 871,000	1,395,672	100,000	2,366,672

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(8) Capital Leases

As Lessor:

On October 1, 2019, Itawamba County assumed a capital lease agreement, along with the related 15.96 acres and improvements located at 101 Max Place, Fulton, MS, and the associated debt obligations from the City of Fulton. The assumed capital lease agreement stipulated that the lessee (Max Home, LLC) would pay approximately \$3,611 per month in lease payments commencing February 25, 2010, for a term of 15 years. At the end of the lease term, Max Home, LLC has the option to purchase the property at 101 Max Place, Fulton, MS upon payment of all future amounts due.

The County leases the following property with varying terms and options as of September 30, 2020:

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 80,000
Buildings	720,000
Total	<u>\$ 800,000</u>

The future net minimum lease receivables as of September 30, 2020, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 36,999	6,333
2022	38,506	4,826
2023	40,075	3,257
2024	41,708	1,624
2025	17,876	179
Total	<u>\$ 175,164</u>	<u>16,219</u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Amount</u>
<i>Governmental Activities:</i>	
Mobile equipment	\$ 1,884,880
Less: Accumulated depreciation	<u>(493,826)</u>
Leased Property Under Capital Leases, Net	<u>\$ 1,391,054</u>
<i>Business-type Activities:</i>	
Mobile equipment	\$ 1,076,095
Less: Accumulated depreciation	<u>(317,315)</u>
Leased Property Under Capital Leases, Net	<u>\$ 758,780</u>

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(8) Capital Leases (Continued)

The following is a schedule by years of the total payments due as of September 30, 2020:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 333,305	18,442	190,967	13,979
2022	261,359	11,501	165,418	9,689
2023	192,156	5,848	160,898	5,797
2024	90,248	2,936	150,960	1,843
2025	70,104	3,457		
2026-2027	43,249	509		
Total	\$ 990,421	42,693	668,243	31,308

(9) Defined Benefit Pension Plan

Primary Government

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

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(9) Defined Benefit Pension Plan (Continued)

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019, and 2018 were \$716,549, \$630,064, and \$572,298, respectively, equal to the required contributions for each year.

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

At September 30, 2020, the County reported a liability of \$11,863,870 (\$10,677,483 for governmental activities and \$1,186,387 for business-type activities) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.061284 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.002455 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

Internally, the County allocates its proportionate share of the net pension liability to governmental activities and business-type activities. As of September 30, 2020, the internal proportionate share allocated to governmental activities and business-type activities was 90% and 10%, respectively, which was equal to the allocation percentages determined as of September 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$1,373,472 for governmental activities and \$153,787 for business-type activities. At September 30, 2020, the County reported deferred outflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 92,681	10,298	102,979
Net difference between projected and actual earnings on pension plan investments	438,590	48,732	487,322
Changes of assumptions	59,730	6,637	66,367
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	560,936	62,326	623,262
County contributions subsequent to the measurement date	161,432	17,937	179,369
Total Deferred Outflows of Resources	\$ 1,313,369	145,930	1,459,299

\$179,369 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(9) Defined Benefit Pension Plan (Continued)

Year ending September 30:	Governmental Activities	Business-type Activities	Total
2021	\$ 346,923	38,547	385,470
2022	388,162	43,129	431,291
2023	275,524	30,614	306,138
2024	141,328	15,703	157,031
	<u>\$ 1,151,937</u>	<u>127,993</u>	<u>1,279,930</u>

Actuarial Assumptions. The total pension liability in the June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(9) Defined Benefit Pension Plan (Continued)

<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	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash Equivalents	1.00	0.00
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 15,356,322	11,863,870	8,981,194

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

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(10) Long-term Debt

Debt outstanding as of September 30, 2020, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Maturity Date
Governmental Activities:			
General Obligation Bonds:			
2013 General Obligation Refunding Bonds	\$ 540,000	1.25-3.00%	Apr-22
2014 General Obligation Bonds	<u>2,180,000</u>	1.10-2.25%	Apr-24
Total General Obligation Bonds	2,720,000		
Special Obligation Bonds:			
2020 Certificates of Participation	10,785,000	3.50-4.50%	Mar-40
Capital Leases:			
Two Police Interceptors	2,096	1.76%	Nov-20
Houston District Fire Truck	12,435	1.71%	Jun-21
Two JD Tractors	31,500	2.11%	Nov-21
2017 Sheriff Ford F-150	9,774	1.76%	Oct-21
Two Dodge Chargers	6,816	2.21%	Jul-21
Three Sheriff Dodge Chargers	10,352	2.21%	Sep-21
Two Sheriff Dodge Chargers	12,341	2.81%	Feb-22
Ford F-550 Truck	24,608	2.21%	Dec-22
Excavator	21,520	2.90%	May-22
Chevy Tahoe	7,028	2.15%	Oct-21
MS Win Radios	92,629	3.07%	May-23
Ford F-150 Truck	21,350	3.17%	Sep-22
Road Department Tractor	71,166	3.49%	Oct-23
Ford F-150 Truck	19,748	3.38%	Oct-22
Banner Fire Truck	66,391	2.39%	Aug-23
Sheriff Car	18,087	2.52%	Jan-24
NE Excavator	107,260	1.99%	Jan-27
2019 Ford F150	35,727	1.80%	Mar-25
Paver/Asphalt Spreader	80,509	1.99%	Apr-25
Lee Cty Tractor	108,756	1.74%	May-23
2017 Charger Sheriff	21,161	1.78%	Jun-24
NE Tractor, Loader, Cutter	120,683	1.73%	Aug-26
Dorsey Fire Truck	<u>88,484</u>	1.51%	Aug-25
Total Capital Leases	990,421		
Other Loans:			
Three Rivers Max Homes	<u>277,218</u>	4.00%	Mar-24
Total Governmental Activities	<u>\$ 14,772,639</u>		
Business-type Activities:			
Capital Leases:			
Garbage Truck	\$ 4,593	1.83%	Nov-20
Two Garbage Trucks	41,495	2.01%	Dec-21
Three Autocar Garbage Trucks	<u>622,155</u>	2.40%	Aug-24
Total Business-type Activities	<u>\$ 668,243</u>		

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(10) Long-term Debt (Continued)

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

Year Ending September 30,	General Obligation Bonds		Special Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 785,000	59,244	-0-	414,150	74,102	10,491
2022	810,000	42,856	370,000	407,675	77,140	7,454
2023	555,000	23,906	385,000	394,462	80,297	4,297
2024	570,000	12,113	415,000	379,500	45,679	925
2025			445,000	362,375		
2026-2030			2,495,000	1,547,150		
2031-2035			2,985,000	1,058,188		
2036-2040			3,690,000	346,900		
Total	\$ 2,720,000	138,119	10,785,000	4,910,400	277,218	23,167

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, 2020, the amount of outstanding debt was equal to 1.72% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sep. 30, 2020	Amount due within one year
<i>Governmental Activities:</i>					
Compensated absences	\$ 207,317	111,699		319,016	-0-
General obligation bonds	3,490,000		770,000	2,720,000	785,000
Special obligation bonds		10,785,000		10,785,000	-0-
Less:					
Unamortized discounts		(6,986)	(145)	(6,841)	(146)
Plus:					
Unamortized premiums		88,283	1,839	86,444	1,839
Capital leases	641,694	623,349	274,622	990,421	333,305
Other loans	5,645	348,365	76,792	277,218	74,102
Totals	\$ 4,344,656	11,949,710	1,123,108	15,171,258	1,194,100
<i>Business-type Activities:</i>					
Compensated absences	\$ 31,061	12,289		43,350	-0-
Capital leases	877,480		209,237	668,243	190,967
Totals	\$ 908,541	12,289	209,237	711,593	190,967

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

The County amended its personnel policy on February 3, 2020 to increase annual paid vacation leave from 20 days to 30 days.

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(11) Contingencies

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

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

Solid Waste Revenue Refunding Bonds

In December of 2017, solid waste revenue refunding bonds were issued by the Three Rivers Solid Waste Management Authority for \$3,830,000. As part of a solid waste disposal service agreement between Itawamba County and Three Rivers Solid Waste Management Authority, the County has agreed to pay its pro rata share of any obligations of the Authority that are not covered by fees generated from solid waste disposal services. The County's pro rata share (6.71%) of the \$3,455,000 refunding bonds balance at September 30, 2020, is \$231,831.

(12) Effect of Deferred Amounts on Net Position

Governmental Activities

The governmental activities' unrestricted net position amount of (\$7,112,542) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$161,432 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, 2021. The \$1,151,937 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years.

The governmental activities' net investment in capital assets amount of \$16,852,210 includes the effect of deferring the recognition of expenditures resulting from a refunding of County debt. The \$50,100 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets over the next 3 years.

Business-type Activities

The business-type activities' unrestricted net position amount of (\$1,155,949) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$17,937 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, 2021. The \$127,993 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years.

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(13) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Three Rivers Solid Waste Management Authority operates in a district composed of the counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union and the cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. The Itawamba County Board of Supervisors appoints one of the seven members of the board of directors. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste deposited. The County did not appropriate any funds for the support of the authority in fiscal year 2020.

Three Rivers Planning and Development District operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Itawamba County Board of Supervisors appoints two of the forty members of the board of directors. The County appropriated \$123,635 (including \$10,000 for economic development and \$10,000 for the tuition program) for the support of the district in fiscal year 2020.

Itawamba Community College operates in a district composed of the Counties of Chickasaw, Itawamba, Lee, Monroe and Pontotoc. The Itawamba County Board of Supervisors appoints six of the thirty members of the College Board of Trustees. The County appropriated \$1,129,478 for the maintenance and support of the College in fiscal year 2020.

Northeast Mental Health-Mental Retardation Commission operates in a district composed of the counties of Benton, Itawamba, Lee, Chickasaw, Pontotoc, Monroe and Union. The Itawamba County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$16,878 for support of the commission in fiscal year 2020.

Lift, Inc. operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Itawamba County Board of Supervisors appoints one of the twenty-four members of the board of directors. The County appropriated \$5,635 in fiscal year 2020 to the organization.

Northeast Mississippi Emergency Medical Services serves the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Marshall, Pontotoc, Tishomingo and Union. The Itawamba County Board of Supervisors appoints four of the thirty-six members of the board of directors. The County appropriated \$17,317 for support of the district in fiscal year 2020.

(14) Deficit Fund Balance

The following funds reported deficits in fund balances at September 30, 2020.

Fund	Deficit
Townhouse Building Fund	\$ (96,000)
Taylor Mcferrin Industrial Park Fund	(322,621)
Youth Court Administrator Fund	(2,250)
Homeland Security Fund	(153)
Tilden-New Salem Fire District Fund	(659)
	<u>\$ (421,683)</u>

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(15) Tax Abatements

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

Facts and Assumptions

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

- Mississippi Code Section 27-31-101, allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than ten years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.
- Mississippi Code Section 27-31-105, allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation with the exception of school district taxes and not to exceed a period longer than ten years. The initial request for exemption must be made in writing by June 1st of the year immediately following the year in which the additions, expansions or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions or replacements and shall extend for a period not to exceed ten years, however the Board of Supervisors in lieu of granting the exemption for one period of ten years, may grant the exemption in consecutive periods of five years each, not to exceed ten years.
- Mississippi Code Section 27-31-104, allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.

**ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

(15) Tax Abatements (Continued)

- Mississippi Code Section 27-31-51 allows County Board of Supervisors, at their discretion, to grant eligible warehouses a license to operate as a free port warehouse. A free port warehouse is regularly engaged in the handling and storage of personal property pending transit to a final destination outside the State of Mississippi. This exemption may be granted for all local property taxes and may be granted for any period of time set by the Board of Supervisors.

<u>Tax Abatement Programs</u>	<u>Number of Industries</u>	<u>Reported Property Investment</u>	<u>Amount of taxes abated during the fiscal year</u>
Real and Personal Property Tax Exemptions	33 Current Exemptions; 14 Industries	\$ 21,153,373	\$ 1,453,992
Free-port Warehouse Inventory Exemptions	4 Current Exemptions; 4 Industries	\$ 2,653,532	\$ 1,012,990

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

(16) Prior Period Adjustments

A summary of restatements to prior year fund balance / net position are as follows:

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Activities:</i>	
To record FEMA reimbursements from prior year losses that were not previously claimed for reimbursement:	
Tornado from 2014	\$ 165,301
Flooding from 2015	239,034
Flooding from 2019	<u>273,671</u>
Total Governmental Activities	<u>\$ 678,006</u>

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

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Funds:</i>	
To record FEMA reimbursements from prior year losses that were not previously claimed for reimbursement:	
General Fund	\$ 223,076
Countywide Road Maintenance Fund	15,746
Other Governmental Funds	<u>384,988</u>
Total Governmental Funds	<u>\$ 623,810</u>

ITAWAMBA COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(17) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Itawamba County evaluated the activity of the County through May 20, 2024, (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/16/2020	1.99%	\$ 17,747	Capital Lease	Ad valorem taxes
02/10/2021	1.61%	136,000	Capital Lease	Ad valorem taxes
02/10/2021	1.61%	71,800	Capital Lease	Ad valorem taxes
04/12/2021	1.60%	46,515	Capital Lease	Ad valorem taxes
05/05/2021	1.61%	116,920	Capital Lease	Ad valorem taxes
07/15/2021	1.43%	63,816	Capital Lease	Ad valorem taxes
08/26/2021	1.49%	343,286	Capital Lease	Ad valorem taxes
10/04/2021	1.49%	41,490	Capital Lease	Advalorem Taxes
10/04/2021	1.49%	27,008	Capital Lease	Advalorem Taxes
11/08/2021	1.66%	22,500	Capital Lease	Advalorem Taxes
11/09/2021	2.00-3.00%	5,000,000	General Obligation Bonds	Advalorem Taxes
04/19/2022	1.84%	34,869	Capital Lease	Advalorem Taxes
05/02/2022	2.57%	37,869	Capital Lease	Advalorem Taxes
05/02/2022	2.57%	38,927	Capital Lease	Advalorem Taxes
07/27/2022	3.26%	57,706	Capital Lease	Advalorem Taxes
10/13/2022	3.84%	230,000	Capital Lease	Advalorem Taxes
11/22/2022	3.98%	239,976	Capital Lease	Advalorem Taxes
12/05/2022	4.29%	41,809	Capital Lease	Advalorem Taxes
03/13/2023	4.64%	55,236	Capital Lease	Advalorem Taxes
03/13/2023	4.64%	55,236	Capital Lease	Advalorem Taxes
06/10/2023	4.76%	205,685	Capital Lease	Advalorem Taxes
06/20/2023	4.82%	90,000	Capital Lease	Advalorem Taxes
03/14/2024	4.63%	201,050	Capital Lease	Advalorem Taxes
03/27/2024	4.61%	52,959	Capital Lease	Advalorem Taxes
05/14/2024	4.81%	154,575	Capital Lease	Advalorem Taxes
05/14/2024	4.76%	127,886	Capital Lease	Advalorem Taxes
05/14/2024	4.76%	127,886	Capital Lease	Advalorem Taxes

REQUIRED SUPPLEMENTARY INFORMATION

Itawamba County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 5,292,264	4,930,495	4,930,835	340
Licenses, commissions and other revenue	241,150	242,361	246,656	4,295
Fines and forfeitures	279,000	228,515	250,079	21,564
Intergovernmental revenues	691,000	604,780	671,961	67,181
Charges for services	10,000	4,458	44,280	39,822
Interest income	33,000	56,683	55,652	(1,031)
Miscellaneous revenues	103,500	308,953	46,965	(261,988)
Total Revenues	<u>6,649,914</u>	<u>6,376,245</u>	<u>6,246,428</u>	<u>(129,817)</u>
EXPENDITURES				
Current:				
General government	4,031,275	3,282,661	3,236,510	46,151
Public safety	2,127,117	2,394,769	2,390,505	4,264
Health and welfare	126,068	126,632	126,632	-0-
Culture and recreation	106,785	101,685	101,685	-0-
Conservation of natural resources	134,904	117,328	117,328	-0-
Economic development and assistance	151,295	151,296	499,661	(348,365)
Debt service:				
Principal	72,051	79,367	85,607	(6,240)
Interest	2,612	3,919	3,104	815
Total Expenditures	<u>6,752,107</u>	<u>6,257,657</u>	<u>6,561,032</u>	<u>(303,375)</u>
Excess of Revenues over (under) Expenditures	<u>(102,193)</u>	<u>118,588</u>	<u>(314,604)</u>	<u>(433,192)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term capital debt			44,048	44,048
Proceeds from issuance of long-term non-capital debt			348,365	348,365
Transfers in		612,060	612,060	-0-
Transfers out		(691,823)	(812,742)	(120,919)
Total Other Financing Sources and Uses	<u>-0-</u>	<u>(79,763)</u>	<u>191,731</u>	<u>271,494</u>
Net Change in Fund Balance	(102,193)	38,825	(122,873)	(161,698)
Fund Balances - Beginning	<u>1,966,630</u>	<u>1,372,712</u>	<u>1,051,251</u>	<u>(321,461)</u>
Fund Balances - Ending	<u>\$ 1,864,437</u>	<u>1,411,537</u>	<u>928,378</u>	<u>(483,159)</u>

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

Itawamba County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,454,795	1,283,173	1,283,173	-0-
Road and bridge privilege taxes	300,000	485,432	485,432	-0-
Intergovernmental revenues	316,000	506,625	1,058,112	551,487
Interest income	500	9,956	9,956	-0-
Miscellaneous revenues	50,000	739,919	6,364	(733,555)
Total Revenues	<u>2,121,295</u>	<u>3,025,105</u>	<u>2,843,037</u>	<u>(182,068)</u>
EXPENDITURES				
Current:				
Public works	2,146,060	2,604,823	3,081,921	(477,098)
Debt service:				
Principal	128,000	114,177	116,628	(2,451)
Interest	12,000	10,962	8,511	2,451
Total Expenditures	<u>2,286,060</u>	<u>2,729,962</u>	<u>3,207,060</u>	<u>(477,098)</u>
Excess of Revenues over (under) Expenditures	<u>(164,765)</u>	<u>295,143</u>	<u>(364,023)</u>	<u>(659,166)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			7,132	7,132
Proceeds from issuance of capital debt			489,301	489,301
Compensation for loss of capital assets			71,133	71,133
Transfers in			91,600	91,600
Transfers out		(3,665)	(3,665)	-0-
Total Other Financing Sources and Uses	<u>-0-</u>	<u>(3,665)</u>	<u>655,501</u>	<u>659,166</u>
Net Change in Fund Balance	(164,765)	291,478	291,478	-0-
Fund Balances - Beginning	<u>730,582</u>	<u>796,922</u>	<u>792,928</u>	<u>(3,994)</u>
Fund Balances - Ending	\$ <u>565,817</u>	<u>1,088,400</u>	<u>1,084,406</u>	<u>(3,994)</u>

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

ITAWAMBA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.061284%	0.058829%	0.056178%	0.053182%	0.050891%	0.050654%	0.049893%
County's proportionate share of the net pension liability	\$ 11,863,870	10,349,181	9,344,069	8,840,653	9,090,403	7,830,110	6,056,097
County's covered payroll	\$ 4,118,101	3,896,304	3,633,612	3,438,029	3,294,000	3,261,784	3,137,060
County's proportionate share of the net pension liability as a percentage of its covered payroll	288.09%	265.62%	257.16%	257.14%	275.97%	240.06%	193.05%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

**ITAWAMBA COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$	716,549	630,064	572,298	541,494	518,806	513,731	494,087
Contributions in relation to the contractually required contribution		(716,549)	(630,064)	(572,298)	(541,494)	(518,806)	(513,731)	(494,087)
Contribution deficiency (excess)	\$	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
County's covered payroll		4,118,101	3,896,304	3,633,612	3,438,029	3,294,000	3,261,784	3,137,060
Contributions as a percentage of covered payroll		17.40%	16.17%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

ITAWAMBA COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Budgetary Comparison Schedules

A. Budgetary Information

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

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

	<u>Governmental Fund Types</u>	
	Countywide	
	General Fund	Road Maintenance Fund
Budget (Cash Basis)	\$ (122,873)	\$ 291,478
Increase (Decrease)		
Net adjustments for:		
Revenue accruals	370,088	39,473
Expenditure accruals	24,330	261
GAAP Basis	<u>\$ 271,545</u>	<u>\$ 331,212</u>

ITAWAMBA COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Pension Schedules

A. Changes of Assumptions

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: For males, 137% of male rates at all ages, and for females, 115% of female rates at all ages. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

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

2016

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

2015

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

ITAWAMBA COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

B. Changes in benefit provisions

2016

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

C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 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

SUPPLEMENTARY INFORMATION

Itawamba County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Treasury			
<i>Passed through the Mississippi Emergency Management Agency:</i>			
Coronavirus Relief Fund	21.019	FEMA-4429-DR-MS	\$ 419,100
Total passed through the Mississippi Emergency Management Agency			419,100
Total Department of the Treasury			419,100
Appalachian Regional Commission			
Appalachian Area Development	23.002	MS-19612-2019	506,277 *
Total Appalachian Regional Commission			506,277
Total Expenditures of Federal Awards			\$ 925,377

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Itawamba County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Itawamba County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Itawamba County .

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

* Denotes major federal award program

OTHER INFORMATION

Itawamba County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020

Name	Position	Company	Bond
Donnie Wood	Supervisor District 1	Western Surety	\$ 100,000
Cecil "Ike" Johnson, Jr.	Supervisor District 2	Travelers	100,000
Terry Moore	Supervisor District 3	Travelers	100,000
Eric "Tiny" Hughes	Supervisor District 4	Travelers	100,000
Bill Sheffield	Supervisor District 5	Travelers	100,000
Gary Franks	County Administrator	Travelers	100,000
Michelle Clouse	Chancery Clerk	Western Surety	100,000
Pamela Dines	Deputy Chancery Clerk	Western Surety	25,000
Melissa Loden	Deputy Chancery Clerk	Western Surety	25,000
Carol Gates	Circuit Clerk	FCCI	100,000
Paula Miller Cooper	Deputy Circuit Clerk	Travelers	50,000
Lori Gadd	Deputy Circuit Clerk	Travelers	50,000
Tami Beane	Tax Assessor	FCCI	50,000
Sandy Parker	Deputy Tax Assessor	FCCI	10,000
Laura Beth Chaney	Deputy Tax Assessor	FCCI	10,000
Andrea Yielding Simmons	Deputy Tax Assessor	FCCI	10,000
Greg Tutor	Deputy Tax Assessor	FCCI	10,000
Cathy Long	Deputy Tax Assessor	FCCI	10,000
Debbie Ann Johnson	Tax Collector	Travelers	100,000
Candace Davis	Deputy Tax Collector	Travelers	50,000
Kathy Bean	Deputy Tax Collector	Travelers	50,000
Jane Flurry	Deputy Tax Collector	Travelers	50,000
Melissa Leech	Deputy Tax Collector	Travelers	50,000
Stephanie Wright	Purchase Clerk	Travelers	75,000
Amy Lentz	Assistant Purchase Clerk	Travelers	50,000
Thomas Guin	Receiving Clerk	Travelers	75,000
Melissa Loden	Assistant Receiving Clerk	Travelers	50,000
Tracy Rogers	Assistant Receiving Clerk	Travelers	50,000
Colby Comer	Assistant Receiving Clerk	Travelers	50,000
George McMullan	Assistant Receiving Clerk	FCCI	50,000
Joseph Miller	Assistant Receiving Clerk	Travelers	50,000
Deanna Moore	Assistant Receiving Clerk	Travelers	50,000
Jimmy Sartin	Assistant Receiving Clerk	Travelers	50,000
Ricky Johnson	Assistant Receiving Clerk	Travelers	50,000
Todd Farrar	Assistant Receiving Clerk	Travelers	50,000
Larry Cromeans	Road Manager	State Farm	50,000
Shelia Spradling	Justice Court Clerk	Travelers	50,000
Anita Holland	Deputy Justice Court Clerk	Travelers	50,000
Rhonda Johnson	Deputy Justice Court Clerk	Travelers	50,000
Christopher Dickinson	Sheriff	FCCI	100,000
Stephanie Windham	Inventory Control Clerk	Travelers	75,000
Harold Holcomb	Justice Court Judge	Travelers	100,000
Doug Lesley	Constable	Travelers	50,000
James Terry Johnson	Constable	Travelers	50,000

SPECIAL REPORTS

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

Members of the Board of Supervisors
Itawamba County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Itawamba County, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated May 20, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. Additionally, our report includes a qualified opinion on Governmental Activities and the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the valuation of Justice Court fines receivable, net.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2020-001 through 2020-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2020-003 to be a significant deficiency.

Compliance and Other Matters

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

However, we noted certain matters which we have reported to the management of Itawamba County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated May 20, 2024, included within this document.

Itawamba County's Responses to Findings

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

Purpose of the Report

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

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

Tupelo, Mississippi
May 20, 2024

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

Members of the Board of Supervisors
Itawamba County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Itawamba County, Mississippi's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Itawamba County, Mississippi's major federal programs for the year ended September 30, 2020. Itawamba County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Itawamba County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Itawamba County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Itawamba County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Itawamba County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

Tupelo, Mississippi
May 20, 2024

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

Members of the Board of Supervisors
Itawamba County, Mississippi

We have examined Itawamba County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Itawamba County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Itawamba County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

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



Tupelo, Mississippi
May 20, 2024

Itawamba County
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2020

Schedule 1

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

**Itawamba County
Schedule of Emergency Purchases
For the Year Ended September 30, 2020**

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/2/2020	Repair materials	\$ 23,600	Choctaw Rails	Flooding caused washouts preventing operation of railroad.
5/4/2020	Repair materials	20,900	Choctaw Rails	Flooding caused washouts preventing operation of railroad.

Itawamba County
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2020

Schedule 3

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Itawamba County, Mississippi

In planning and performing our audit of the financial statements of Itawamba County, Mississippi for the year ended September 30, 2020, we considered Itawamba County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Itawamba County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 20, 2024, on the financial statements of Itawamba County, Mississippi.

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

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

Board of Supervisors

County Administrator

1. The county signed warrants without sufficient funds available.

Repeat Finding Yes.

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

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

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

Effect At fiscal year end, the following funds had deficit fund balances:

- Townhouse Building Fund
- Taylor & Mcferrin Industrial Park Fund
- Youth Court Administrator Fund
- Homeland Security Fund
- Tilden-New Salem Fire District Fund

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

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

Circuit Clerk

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

Repeat Finding Yes.

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

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

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

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

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

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

3. The Circuit Clerk's Deputies Should Ensure Compliance with State Law over Surety Bonds.

Repeat Finding: No.

Criteria *Section 9-7-123, Mississippi Code Annotated (1972), states, in part "Each deputy clerk of the circuit court, before he enters upon the duties of the appointment, shall take the oath of office, and shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for the circuit clerk. However, the amount of such bond shall not be less than Fifty Thousand Dollars (\$50,000.00) nor more than One Hundred Thousand Dollars (\$100,000.00). The bond shall cover all monies coming into the hands of the deputy clerk by law or order of the court. The board of supervisors, in its discretion, may pay the bond on behalf of the deputy clerk."*

Condition As a result of procedures performed, we noted that each of the two (2) Circuit Clerk Deputies' surety bonds were issued for \$50,000. According to the referenced provision, each Deputy should be covered by a bond equal to \$100,000.

Effect Failure to have a sufficient surety bond in place could limit the amount available for recovery if a loss were to occur.

Recommendation We recommend that the Circuit Clerk ensure that all deputies' surety bonds are secured in the statutory amounts.

Response: We will correct this issue for the current term.

Justice Court Judge.

4. One Justice Court judge's bond did not cover the entire fiscal year period ending September 30, 2020.

Repeat Finding No.

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

Condition As a result of procedures performed, we noted that one Justice Court judge's bond term ended on January 06, 2020, and a replacement bond was not issued until February 24, 2022.

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

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

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

Response This was an oversight and was corrected upon discovery. We will comply.

Road Manager.

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

Repeat Finding Yes.

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

Condition As a result of procedures performed, we noted that the Road Manager had only a one-year period bond, set to renew annually.

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

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

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

Response The Road Manager's bond was corrected to reflect his term of office on January 1, 2021.

Sheriff.

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

Repeat Finding Yes.

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

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

Cause	County employee did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Sheriff should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Response	I corrected this issue in January 2021 with a full term bond.
7.	<u>Bank information submitted to State Treasurer's office was incomplete.</u>
Repeat Finding	Yes.
Criteria	Section 27-105-5(6)(b), Mississippi Code Annotated (1972) states, "... A public depositor shall not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit."
Condition	Procedures performed revealed that the Inmate Commissary account was not submitted to the State Treasurer's Office within thirty (30) days of the fiscal year end.
Cause	The Inmate Commissary account was not filed on the Public Depositors Annual Report as required by state statute above.
Effect	Without notifying the State Treasurer of its official name, address, federal tax identification number, and the fiscal year-end balance in this account increases a risk that the county's total deposits may not be properly collateralized and not complying with section 27-105-5(6)(b).
Recommendation	We recommend the Sheriff strengthen controls to ensure all account information is filed with the State Treasurer's office within thirty (30) days following the fiscal year end.
Response	We began including this account for fiscal year 2021.

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

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



Tupelo, Mississippi
May 20, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ITAWAMBA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental Activities	Qualified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Qualified
Countywide Road Maintenance Fund	Unmodified
Jail Construction Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Solid Waste Fund	Unmodified

2. Internal control over financial reporting:

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

3. Noncompliance material to the financial statements? No

Federal Awards:

4. Internal control over major federal programs:

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

5. Type of auditor's report issued on compliance with major federal programs: Unmodified

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

7. Identification of major federal programs:

- a. CFDA #23.002 Appalachian Area Development

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

9. Auditee qualified as a low-risk auditee? No

10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

**ITAWAMBA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2020-001 Financial data for component units should be included in the County's financial statements.

Repeat Finding Yes.

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

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

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

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

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

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

Justice Court.

Material Weakness

2020-002 Internal Controls over fines receivable in the Justice Court Clerk's office should be strengthened.

Repeat Finding Yes.

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

Condition As reported in prior years, based on audit procedures performed, management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable at September 30, 2020.

Cause Internal controls over Justice Court fines receivable were not effective in ensuring the preparation and retention of a detailed aged fines receivable schedule at September 30, 2020.

**ITAWAMBA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section 2: Financial Statement Findings (Continued)

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

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

Response We will try to correct this.

Sheriff.

Significant Deficiency

2020-003 Segregation of duties in the Sheriff's office should be strengthened.

Repeat Finding Yes.

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

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

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

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

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

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

Section 3: Federal Award Findings and Questioned Costs

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

Itawamba County Board of Supervisors

Wally Barnard, Third District
Bill Sheffield, Fifth District
Donnie Wood, First District

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Fulton, MS 38843
(662) 862-5600

Eric Hughes , Fourth District
Cecil Johnson, Second District
Kelby Comer, Attorney

Michelle Clouse, Clerk
Bryon Wilemon, County Administrator

AUDITEE'S CORRECTIVE ACTION PLAN For the Year Ended September 30, 2020

As required by Section 2 CFR 200.511(a) of the Uniform Guidance, Itawamba County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
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2020-001	<p>Name of Contact Person Responsible for Corrective Action</p> <p>Bryon Wilemon, County Administrator, 662-862-5600 Michelle Clouse, Chancery Clerk, 662-862-3421</p> <p>Corrective Action Planned:</p> <p>Due to cost restraints and benefits derived from cost to obtain, the County does not have audits performed on component units.</p> <p>Anticipated Completion Date: Not determined.</p>
2020-002	<p>Name of Contact Person Responsible for Corrective Action</p> <p>Rhonda Johnson, Justice Court Clerk, 662-862-4315</p> <p>Corrective Action Planned:</p> <p>We have received training on how to print these reports at each fiscal year end.</p> <p>Anticipated Completion Date: September 30, 2022</p>
2020-003	<p>Name of Contact Person Responsible for Corrective Action</p> <p>Mitch Nabors, Sheriff, 662-862-3401</p> <p>Corrective Action Planned:</p> <p>Due to the size of the County and our staff, it is difficult to adequately segregate duties. However, we will look into training more of our existing staff to perform some of these functions.</p>

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2020

As required by Section 2 CFR 200.511(b) of the Uniform Guidance, Itawamba County, Mississippi has prepared and hereby submits the following summary schedule of prior audit findings.

Section 2: Financial Statement Findings

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

No corrective action has been taken at this time. Due to cost restraints and benefits derived from cost to obtain, the County does not have audits performed on component units.

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

Corrective action was taken during the fiscal year ended September 30, 2022.

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

We are continuing to find ways to improve segregation of duties in the Sheriff's office by training of additional staff to perform some of these functions.

Section 3: Federal Award Findings

There were no prior year findings and questioned costs related to federal awards.