

LEAKE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020



SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

April 19, 2022

Members of the Board of Supervisors
Leake County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Leake County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Leake County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Leake County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

LEAKE COUNTY
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LEAKE COUNTY

FINANCIAL SECTION

LAMAR COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Leake County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Leake 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 County's basic financial statements 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Leake 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 County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Leake 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 Leake County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste 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 Reconciliation of Operating Costs of Solid Waste 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 April 19, 2022 on our consideration of Leake County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Leake County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Leake County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" and last name "McKnight" clearly legible.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 19, 2022

LEAKE COUNTY

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LEAKE COUNTY

FINANCIAL STATEMENTS

LEAKE COUNTY

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LEAKE COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 6,004,268	838,256	6,842,524
Property tax receivable	4,729,300		4,729,300
Accounts receivable (net of allowance for uncollectibles of \$1,153,302)	309,070		309,070
Fines receivable (net of allowance for uncollectibles of \$1,454,525)	768,132		768,132
Intergovernmental receivables	451,752	417,257	869,009
Other receivables	21,383		21,383
Internal balances	233,962	(233,962)	-
Capital assets:			
Land and construction in progress	2,757,309	38,000	2,795,309
Other capital assets, net	12,095,627	2,912,910	15,008,537
Total Assets	27,370,803	3,972,461	31,343,264
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,016,930	297,245	1,314,175
Total Deferred Outflows of Resources	1,016,930	297,245	1,314,175
LIABILITIES			
Claims payable	244,873	67,876	312,749
Intergovernmental payables	313,307		313,307
Accrued interest payable	20,348		20,348
Amounts held in custody for others	123,654		123,654
Other payables	814		814
Long-term liabilities			
Due within one year:			
Capital debt	692,996		692,996
Non-capital debt	404,007		404,007
Due in more than one year:			
Capital debt	1,139,185		1,139,185
Non-capital debt	832,119	94,823	926,942
Net pension liability	10,888,707	3,507,686	14,396,393
Total Liabilities	14,660,010	3,670,385	18,330,395
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions		48,469	48,469
Deferred revenues - property taxes	4,729,300		4,729,300
Total Deferred Inflows of Resources	4,729,300	48,469	4,777,769
NET POSITION			
Net investment in capital assets	13,020,755	2,950,910	15,971,665
Restricted for:			
Expendable:			
General government	809,682		809,682
Public safety	929,379		929,379
Public works	1,594,904		1,594,904
Culture and recreation	21,148		21,148
Economic development	505,311		505,311
Debt service	179,897		179,897
Unrestricted	(8,062,653)	(2,400,058)	(10,462,711)
Total Net Position	\$ 8,998,423	550,852	9,549,275

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

LEAKE 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	\$ 3,698,018	647,360	719,303		(2,331,355)		(2,331,355)
Public safety	2,501,996	339,934	473,065		(1,688,997)		(1,688,997)
Public works	3,541,307	970,131	1,012,110	1,784,366	225,300		225,300
Health and welfare	131,344		26,817		(104,527)		(104,527)
Culture and recreation	229,742	5,275			(224,467)		(224,467)
Conservation of natural resources	79,368				(79,368)		(79,368)
Economic development and assistance	278,719			150,000	(128,719)		(128,719)
Interest on long-term debt	148,540				(148,540)		(148,540)
Pension expense	1,274,451				(1,274,451)		(1,274,451)
Total Governmental Activities	11,883,485	1,962,700	2,231,295	1,934,366	(5,755,124)		(5,755,124)
Business-type activities:							
Leake County Correctional Facility	3,220,763	3,063,871	207,204			50,312	50,312
Total Business-type Activities	3,220,763	3,063,871	207,204	-		50,312	50,312
Total Primary Government	\$ 15,104,248	5,026,571	2,438,499	1,934,366	(5,755,124)	50,312	(5,704,812)
General revenues:							
Property taxes					\$ 6,609,793		6,609,793
Road & bridge privilege taxes					253,831		253,831
Grants and contributions not restricted to specific programs					412,252		412,252
Unrestricted interest income					110,040	12,521	122,561
Miscellaneous					724,316	43,125	767,441
Total General Revenues					8,110,232	55,646	8,165,878
Changes in Net Position					2,355,108	105,958	2,461,066
Net Position - Beginning					6,643,315	444,894	7,088,209
Net Position - Ending					\$ 8,998,423	550,852	9,549,275

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

LEAKE COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds		Other	Total
	General	County Road	Governmental	Governmental
	Fund	and Bridge	Funds	Funds
		Fund		
ASSETS				
Cash	\$ 1,474,414	765,928	3,763,926	6,004,268
Property tax receivable	3,282,580	1,215,036	231,684	4,729,300
Accounts receivable (net of allowance for uncollectibles of \$1,153,302)			309,070	309,070
Fines receivable (net of allowance for uncollectibles of \$1,454,525)	768,132			768,132
Intergovernmental receivables	279,782	76,355	95,615	451,752
Other receivables	713		20,670	21,383
Due from other funds	441,071	47,762	8,869	497,702
Advances to other funds	774,566	2,500	6,175	783,241
Total Assets	\$ 7,021,258	2,107,581	4,436,009	13,564,848
LIABILITIES				
Liabilities:				
Claims payable	\$ 100,709	42,217	101,947	244,873
Intergovernmental payables	313,307			313,307
Due to other funds	56,631	400,000		456,631
Advances from other funds		426,175	164,175	590,350
Amounts held in custody for others	123,654			123,654
Other payables	814			814
Total Liabilities	595,115	868,392	266,122	1,729,629
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	3,282,580	1,215,036	231,684	4,729,300
Unavailable revenue - solid waste fees			309,070	309,070
Unavailable revenue - fines	768,132			768,132
Total Deferred Inflows of Resources	4,050,712	1,215,036	540,754	5,806,502
Fund balances:				
Nonspendable:				
Advances	774,566			774,566
Restricted for:				
General government			809,682	809,682
Public safety			929,379	929,379
Public works		24,153	1,261,681	1,285,834
Culture and recreation			21,148	21,148
Economic development and assistance			505,311	505,311
Debt service			200,245	200,245
Unassigned	1,600,865		(98,313)	1,502,552
Total Fund Balances	2,375,431	24,153	3,629,133	6,028,717
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,021,258	2,107,581	4,436,009	13,564,848

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

LEAKE COUNTY

Exhibit 3-1

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,028,717
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 \$10,676,397.	14,852,936
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,077,202
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,068,307)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,888,707)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(20,348)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	<u>1,016,930</u>
Total Net Position - Governmental Activities	\$ <u>8,998,423</u>

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

LEAKE COUNTY

Exhibit 4

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

	Major Funds		Other	Total
	General	County Road	Governmental	Governmental
	Fund	and Bridge	Funds	Funds
		Fund		
REVENUES				
Property taxes	\$ 4,744,231	1,410,238	455,324	6,609,793
Road and bridge privilege taxes		253,831		253,831
Licenses, commissions and other revenue	238,149		48,793	286,942
Fines and forfeitures	242,856		235,888	478,744
Intergovernmental revenues	1,126,485	1,575,268	1,876,160	4,577,913
Charges for services	54,840		1,155,450	1,210,290
Interest income	39,675	8,264	62,101	110,040
Miscellaneous revenues	249,016	39,680	415,240	703,936
Total Revenues	6,695,252	3,287,281	4,248,956	14,231,489
EXPENDITURES				
Current:				
General government	3,543,840		482,089	4,025,929
Public safety	2,041,823		685,373	2,727,196
Public works	54,761	1,856,911	2,780,271	4,691,943
Health and welfare	123,642			123,642
Culture and recreation	208,150		26,592	234,742
Conservation of natural resources	81,582			81,582
Economic development and assistance	32,822		253,171	285,993
Debt service:				
Principal	86,633	386,606	1,065,409	1,538,648
Interest	35,051	29,955	97,387	162,393
Total Expenditures	6,208,304	2,273,472	5,390,292	13,872,068
Excess of Revenues over (under) Expenditures	486,948	1,013,809	(1,141,336)	359,421
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	242,070		26,045	268,115
Proceeds from sale of capital assets	3,818		45,200	49,018
Transfers in	312,068	142,551	1,916,621	2,371,240
Transfers out	(753,473)	(787,397)	(830,370)	(2,371,240)
Total Other Financing Sources and Uses	(195,517)	(644,846)	1,157,496	317,133
Net Changes in Fund Balances	291,431	368,963	16,160	676,554
Fund Balances - Beginning	2,084,000	(344,810)	3,612,973	5,352,163
Fund Balances - Ending	\$ 2,375,431	24,153	3,629,133	6,028,717

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

LEAKE COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 676,554
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,873,297 exceeded depreciation of \$809,531 in the current period.	1,063,766
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 gain of \$20,380 and the proceeds from the sale of \$49,018 in the current period.	(28,638)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(18,472)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	5,196
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 the amount that debt repayments of \$1,538,648 exceeded debt proceeds of \$268,115.	1,270,533
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences liability	(8,155)
The amount of decrease in accrued interest payable	15,759
The amortization of bond premium	320
The amortization of bond discounts	(2,226)
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	(1,274,451)
Recording of contributions made during the year	<u>654,922</u>
Change in Net Position of Governmental Activities	\$ <u>2,355,108</u>

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

LEAKE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2020

Exhibit 5

	Business-type Enterprise Fund
	Leake County Correctional Facility
ASSETS	
Current assets:	
Cash	\$ 838,256
Intergovernmental receivables	417,257
Total Current Assets	<u>1,255,513</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	38,000
Other capital assets, net	2,912,910
Total Noncurrent Assets	<u>2,950,910</u>
Total Assets	<u>4,206,423</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	297,245
Total Deferred Outflows of Resources	<u>297,245</u>
LIABILITIES	
Current liabilities:	
Claims payable	67,876
Due to other funds	41,071
Advances from other funds	192,891
Total Current Liabilities	<u>301,838</u>
Noncurrent liabilities:	
Net pension liability	3,507,686
Non-capital debt:	
Compensated absences payable	94,823
Total Noncurrent Liabilities	<u>3,602,509</u>
Total Liabilities	<u>3,904,347</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	48,469
Total Deferred Inflows of Resources	<u>48,469</u>
NET POSITION	
Net investment in capital assets	2,950,910
Unrestricted	(2,400,058)
Total Net Position	<u>\$ 550,852</u>

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

LEAKE COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2020

	Business-type Enterprise Fund	Leake County Correctional Facility
Operating Revenues		
Charges for services	\$ 3,063,871	
Operating Grants	207,204	
Miscellaneous	43,125	
Total Operating Revenues	<u>3,314,200</u>	
Operating Expenses		
Cost of sales		
Personal services	1,648,026	
Contractual services	479,840	
Materials and supplies	620,588	
Depreciation expense	137,382	
Indirect administrative cost	41,071	
Pension expense	283,465	
Total Operating Expenses	<u>3,210,372</u>	
Operating Income (Loss)	<u>103,828</u>	
Nonoperating Revenues (Expenses)		
Interest income	12,521	
Gain (loss) on sale of capital assets	(10,391)	
Net Nonoperating Revenue (Expenses)	<u>2,130</u>	
Changes in Net Position	<u>105,958</u>	
Net Position - Beginning	<u>444,894</u>	
Net Position - Ending	<u>\$ 550,852</u>	

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

LEAKE COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 7

	Business-type Enterprise Fund
	Leake County Correctional Facility
Cash Flows From Operating Activities	
Receipts from customers	\$ 3,079,827
Payments to suppliers	(1,178,662)
Payments to employees	(1,860,093)
Other operating cash receipts	43,125
Net Cash Provided (Used) by Operating Activities	84,197
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Interfund loan repayments	(50,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(50,000)
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(24,630)
Net Cash Provided (Used) by Capital and Related Financing Activities	(24,630)
Cash Flows From Investing Activities	
Interest on deposits	12,521
Net Cash Provided (Used) by Investing Activities	12,521
Net Increase (Decrease) in Cash and Cash Equivalents	22,088
Cash and Cash Equivalents at Beginning of Year	816,168
Cash and Cash Equivalents at End of Year	\$ 838,256
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 103,828
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	137,382
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables - housing prisoners	(191,248)
(Increase) decrease in deferred outflows related to pensions	(122,572)
Increase (decrease) in claims payable	(78,234)
Increase (decrease) in compensated absences liability	(1,089)
Increase (decrease) in indirect costs	41,071
Increase (decrease) in pension liability	254,930
Increase (decrease) in deferred inflows related to pension	(59,871)
Total Adjustments	(19,631)
Net Cash Provided (Used) by Operating Activities	\$ 84,197

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

LEAKE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 8

		Agency Funds
ASSETS		
Cash and investments	\$	381,075
Total Assets	\$	<u>381,075</u>
LIABILITIES		
Intergovernmental payables	\$	292,224
Due to other funds		<u>88,851</u>
Total Liabilities	\$	<u>381,075</u>

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

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Leake 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 Leake County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of inter-fund 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 activities 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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.

C. 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 asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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 and report all financial resources not accounted for and reported in another fund.

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

The County reports the following major Enterprise Fund:

Leake County Correctional Facility - This fund is used to account for the County's activities of operating the correctional facility.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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.

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

F. Receivables.

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

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of inter-fund 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.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Inter-fund 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."

H. Capital Assets.

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

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

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.

I. Deferred Outflows/Inflows of Resources.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note (9) 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.

Deferred revenues – property taxes/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 – solid waste fee – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

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

J. 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.

K. Pensions.

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

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

L. 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 Proprietary Funds 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.

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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

Fund Balance Flow Assumption:

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

N. 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 collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

O. 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.

P. 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.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$7,223,599, and the bank balance was \$7,380,795. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(3) Interfund Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	County Road and Bridge Fund	\$ 400,000
General Fund	Leake County Correctional Facility	41,071
County Road and Bridge Fund	General Fund	47,762
Other Governmental Funds	General Fund	8,869
Total		<u>\$ 497,702</u>

The receivables represent the tax revenue collected in September 2020, but not settled until October, 2020, unpaid indirect costs charged to the Leake County Correctional Facility, and loans to cover operating costs. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	County Road and Bridge Funds	\$ 420,000
General Fund	Other Governmental Funds	161,675
General Fund	Leake County Correctional Facility	192,891
County Road and Bridge Fund	Other Governmental Funds	2,500
Other Governmental Funds	County Road and Bridge Funds	6,175
Total		<u>\$ 783,241</u>

The receivables represent prior years' unpaid indirect costs charged to the Leake County Correctional Facility, loans to cover operating expenses and debt service payments, the sale of capital equipment, and correction of posting errors in the prior year.

LEAKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 312,068
County Road and Bridge Fund	Other Governmental Funds	142,551
Other Governmental Fund	General Fund	753,473
Other Governmental Fund	County Road and Bridge Fund	787,397
Other Governmental Fund	Other Governmental Funds	<u>375,751</u>
Total		\$ <u>2,371,240</u>

The principal purposes of interfund transfers were to provide funds for grant matches, to provide funds for operating expenses and debt service payments, and correction of posting errors in the prior year. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 93,502
CARES act reimbursement	180,079
Drug court reimbursement	49,073
Motor vehicle fuel tax	48,349
Truck and bus privilege tax	28,006
Emergency management performance grants	24,568
Other miscellaneous grants	<u>28,175</u>
Total Governmental Activities	\$ <u>451,752</u>
<u>Description</u>	<u>Amount</u>
Business-type Activities:	
Reimbursement for housing prisoners	\$ 210,053
CARES act reimbursement	<u>207,204</u>
Total Business-type Activities	\$ <u>417,257</u>

LEAKE 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:

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,027,799				1,027,799
Construction in progress	192,914	1,536,596			1,729,510
Total non-depreciable capital assets	1,220,713	1,536,596	-	-	2,757,309
<u>Depreciable capital assets:</u>					
Infrastructure	10,290,367				10,290,367
Buildings	3,602,683	123,500			3,726,183
Improvements other than buildings					-
Mobile equipment	5,336,549	64,091	190,873	102,513	5,312,280
Furniture and equipment	767,648	6,495	9,050		765,093
Leased property under capital leases	2,637,999	142,615		(102,513)	2,678,101
Total depreciable capital assets	22,635,246	336,701	199,923	-	22,772,024
<u>Less accumulated depreciation for:</u>					
Infrastructure	3,275,557	270,739			3,546,296
Buildings	1,443,755	60,669			1,504,424
Improvements other than buildings					-
Mobile equipment	3,974,339	207,292	163,140	55,368	4,073,859
Furniture and equipment	677,178	20,740	8,145		689,773
Leased property under capital leases	667,322	250,091		(55,368)	862,045
Total accumulated depreciation	10,038,151	809,531	171,285	-	10,676,397
Total depreciable capital assets, net	12,597,095	(472,830)	28,638	-	12,095,627
Governmental activities capital assets, net	\$ 13,817,808	1,063,766	28,638	-	14,852,936

LEAKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Business-type activities:

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>				
Land	\$ 38,000			38,000
Total non-depreciable capital assets	38,000	-	-	38,000
<u>Depreciable capital assets:</u>				
Buildings	5,175,662			5,175,662
Mobile equipment	186,797	10,200	50,253	146,744
Furniture and equipment	321,031	14,430	63,948	271,513
Total depreciable capital assets	5,683,490	24,630	114,201	5,593,919
<u>Less accumulated depreciation for:</u>				
Buildings	2,211,209	103,517		2,314,726
Mobile equipment	168,117	9,180	45,228	132,069
Furniture and equipment	268,111	24,685	58,582	234,214
Total accumulated depreciation	2,647,437	137,382	103,810	2,681,009
Total depreciable capital assets, net	3,036,053	(112,752)	10,391	2,912,910
Business-type activities capital assets, net	\$ 3,074,053	(112,752)	10,391	2,950,910

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 87,169
Public safety	176,040
Public works	533,099
Health and welfare	10,512
Conservation of natural resources	2,711
Total governmental activities depreciation expense	\$ 809,531
Business-type activities:	
Correctional facility	\$ 137,382
Total business-type activities depreciation expense	\$ 137,382

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Singleton Road / LSBP 40 (16)	\$ 50,000	02/2021
Jack Boot Road / LSBP 40 (17)	6,500	10/2020
Shiloh Road / ERBR 40 (01)	400,000	04/2021
Bilbro Road / ERBR 40 (14)	675,000	12/2021
McMillan Park - Walking Trail	16,000	08/2021

(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 the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 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.

(7) Capital Leases.

As Lessee:

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

Classes of Property	Governmental Activities
Improvements other than building	\$ 780,376
Mobile equipment	1,766,046
Furniture and equipment	131,679
Total	2,678,101
Less: Accumulated depreciation	(862,045)
Leased Property Under Capital Leases	\$ 1,816,056

LEAKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2021	\$ 427,996	48,394
2022	251,769	36,967
2023	182,347	29,115
2024	50,394	25,092
2025	34,344	23,621
2026 - 2030	193,627	96,198
2031 - 2035	235,917	53,910
2036 - 2040	136,619	8,295
Total	\$ <u>1,513,013</u>	<u>321,592</u>

(8) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Road and Bridge Bonds, Series 2010	\$ 195,000	2.00/3.86%	02/2021
Industrial Park Development Bonds, 2002	144,000	4.75%	02/2022
G.O. Refunding Bonds - Leake Memorial Hospital Series 2010	840,000	1.95/5.95%	01/2023
Total General Obligation Bonds	\$ <u>1,179,000</u>		
B. Capital Leases:			
Two Ford Interceptors	10,266	3.19%	02/2021
One New Chevy Truck	5,771	3.59%	04/2021
2016 Chevy Silverado	4,137	1.96%	04/2021
Dump Trucks	136,670	1.96%	05/2021
E-911 Equipment Upgrade	27,384	1.99%	08/2021
One New Ambulance	21,903	2.37%	11/2021
One New Ford Expedition	25,710	3.24%	02/2023
Five Caterpillar Backhoes	260,166	3.31%	04/2023
Four New Tractors and Two New Bushhogs	164,159	2.29%	02/2024
Schneider Electric Savings Improvements	725,084	3.99%	03/2038
2020 Ford Explorer	32,945	2.59%	04/2023
2020 Ford Interceptor	35,497	2.33%	05/2023
2020 Ford Police Interceptor	38,676	1.54%	09/2023
2020 Dodge Ram	24,645	2.33%	07/2023
Total Capital Leases	\$ <u>1,513,013</u>		

LEAKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans:			
2015 - Two Road and Bridge Notes	\$ 104,399	2.20%	11/2020
Barnes Fire Station	33,831	2.00%	01/2024
Leake County Note 2020-1, Tax Office Notes	125,500	1.86%	06/2025
Total Other Loans	<u>\$ 263,730</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 530,000	51,691	139,007	5,247
2022	354,000	29,118	35,269	2,290
2023	295,000	8,776	35,941	1,617
2024			27,478	1,007
2025			26,035	484
Total	<u>\$ 1,179,000</u>	<u>89,585</u>	<u>263,730</u>	<u>10,645</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 1.12 percentage 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 Sept. 30, 2020	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 124,241	8,155		132,396	-
General obligation bonds	1,681,000		502,000	1,179,000	530,000
Less:					
Discounts	(22,286)		(2,226)	(20,060)	
Add:					
Premiums	548		320	228	
Capital leases	1,778,907	142,615	408,509	1,513,013	427,996
Other loans	766,369	125,500	628,139	263,730	139,007
Total	<u>\$ 4,328,779</u>	<u>276,270</u>	<u>1,536,742</u>	<u>3,068,307</u>	<u>1,097,003</u>

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

	Balance Oct. 1, 2019	Reductions	Balance Sept. 30, 2020
Business-type Activities:			
Compensated absences	\$ 95,912	1,089	94,823
Total	\$ 95,912	1,089	94,823

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road and Bridge Fund, Emergency 911 Communication Fund, State Inmate Welfare Fund, Leake County Economic Development Fund, 8th Drug Court Fund, Solid Waste Disposal Fund, and the Leake County Correctional Facility.

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 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.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$865,900, \$789,474 and \$740,695, 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 \$14,396,393 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 0.074366 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.000278 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.

For the year ended September 30, 2020, the County recognized pension expense of \$1,557,916. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,870	
Net difference between projected and actual earnings on pension plan investments	609,444	
Changes of assumptions	80,835	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	269,772	48,469
County contributions subsequent to the measurement date	229,254	
Total	\$ 1,314,175	48,469

\$229,254 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2021	\$ 244,656
2022	331,231
2023	270,014
2024	190,551
Total	\$ 1,036,452

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

Actuarial Assumptions. The total pension liability as of 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current 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:

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 18,634,362	14,396,393	10,898,366

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

(10) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances or net position at September 30, 2020:

Fund	Deficit Amount
Rural Fire Fund	\$ 9,431
State Aid Bridge Replacement Fund	6,434
Hospital B&I Fund	2,448
Advalorem Tax Refund Fund	80,000

(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.

(12) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(8,062,653) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$173,396 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 \$843,534 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of \$(2,400,058) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$55,858 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 \$241,387 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$48,469 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(13) Joint Ventures.

The County participates in the following joint ventures:

Leake County is a participant with the City of Carthage in a joint venture authorized by Section 39-3-11. Miss. Code Ann. (1972), to operate the Carthage-Leake County Airport. This joint venture was created to provide airport facilities to the area and is governed by a six-member board appointed by the Board of Supervisors and the city council: three from each government. By contractual agreement, the county's appropriation to the joint venture was \$1,500 in fiscal year 2020. Complete financial statements for the Carthage-Leake County Airport, P.O. Box 577, Carthage, MS, 39501.

Leake County is a participant with the Counties Attala, Holmes, Montgomery and Winston in a joint venture authorized by Section 39-3-9 Miss. Code Ann. (1972) to operate the Mid-Mississippi Regional Library System. The joint venture was created to provide free public library service to the citizens of the member counties. The Leake County Board of Supervisors appoints one of the five members of the board of directors. By contractual agreement, the county authorized appropriation to the joint venture was \$208,150 in fiscal year 2020.

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott, and Smith. The Leake County Board of Supervisors appoints 1 of the 15 members of the board of directors. The county appropriated \$15,058 for support of the district in fiscal year 2020.

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott, and Winston. The Leake County Board of Supervisors appoints 6 of the 30 members of the college board of trustees. The county appropriated \$404,298 for maintenance and support of the college in fiscal year 2020.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Leake County Board of Supervisors appoints two of the 26 board members. The county provided no financial support in fiscal year 2020.

East Central Community Action Agency, Inc., operates in a district composed of the counties of Leake, Neshoba, Rankin, Scott and Smith. The Leake County Board of Supervisors appoints two of the 30 board members. The county provided no financial support in fiscal year 2020.

Region Ten Weems Community Mental Health Commission operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Leake County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$18,200 for the support of the commission in fiscal year 2020.

(15) Tax Abatements.

For the year beginning October 1, 2017, the Governmental Accounting Standards Board (GASB), implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement

LEAKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Leake County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for no more than ten years and are for economic development purposes. The County had a tax abatement agreement with four entities as of September 30, 2020. Those exemptions are authorized under sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972).

The County had one type of abatement, which does not provide for the abatement of school or state tax levies:

All allowable property tax levies

Purpose	Percentage of taxes abated	Abated During the Year
Construction and Expansion of a manufacturing facility	56%	137,291

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

(16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Leake County evaluated the activity of the County through April 19, 2022, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

Issue	Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/05/2020		1.42%	\$ 500,000	Negotiable Note	Ad valorem taxes
04/22/2021		2.07%	29,500	Capital Lease	Ad valorem taxes
05/04/2021		1.75 / 2.125%	3,500,000	G.O. Bonds	Ad valorem taxes
08/02/2021		1.65%	30,284	Capital Lease	Ad valorem taxes
10/18/2021		198.00%	390,000	Capital Lease	Ad valorem taxes
11/04/2021		2.29%	29,976	Capital Lease	Ad valorem taxes
12/06/2021		2.03%	529,800	Capital Lease	Ad valorem taxes

LEAKE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

LEAKE COUNTY

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LEAKE 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 Positive (Negative)
REVENUES				
Property taxes	\$ 4,821,035	4,734,803	4,734,803	
Licenses, commissions and other revenue	294,700	234,572	234,572	
Fines and forfeitures	330,075	237,324	237,324	
Intergovernmental revenues	1,425,850	982,675	982,675	
Charges for services	201,000	57,420	57,420	
Interest income	38,020	38,480	40,103	1,623
Miscellaneous revenues	307,500	253,550	253,550	
Total Revenues	<u>7,418,180</u>	<u>6,538,824</u>	<u>6,540,447</u>	<u>1,623</u>
EXPENDITURES				
Current:				
General government	4,114,898	3,992,951	3,992,951	
Public safety	2,096,150	1,953,593	1,953,593	
Public works	81,088	58,257	58,257	
Health and welfare	139,053	126,896	126,896	
Culture and recreation	208,150	208,150	208,150	
Conservation of natural resources	101,571	81,510	81,510	
Economic development and assistance	45,142	35,026	35,026	
Debt service:				
Principal		386,632	386,632	
Interest		35,051	35,051	
Bond issue costs				
Total Expenditures	<u>6,786,052</u>	<u>6,878,066</u>	<u>6,878,066</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>632,128</u>	<u>(339,242)</u>	<u>(337,619)</u>	<u>1,623</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		125,500	125,500	
Long-term non-capital debt issued		300,000	300,000	
Transfers in	400,000	394,604	394,693	89
Transfers out	(100,000)	(839,598)	(839,598)	
Total Other Financing Sources and Uses	<u>300,000</u>	<u>(19,494)</u>	<u>(19,405)</u>	<u>89</u>
Net Change in Fund Balance	932,128	(358,736)	(357,024)	1,712
Fund Balances - Beginning		1,443,789	1,324,044	(119,745)
Fund Balances - Ending	<u>\$ 932,128</u>	<u>1,085,053</u>	<u>967,020</u>	<u>(118,033)</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,449,820	1,405,861	1,405,861	
Road and bridge privilege taxes	235,000	252,592	252,592	
Intergovernmental revenues	931,000	1,578,878	1,578,878	
Charges for services	4,000			
Interest income	9,000	7,128	8,269	1,141
Miscellaneous revenues	53,525	128,176	128,176	
Total Revenues	<u>2,682,345</u>	<u>3,372,635</u>	<u>3,373,776</u>	<u>1,141</u>
EXPENDITURES				
Current:				
Public works	2,611,658	1,888,863	1,888,863	
Debt service:				
Principal	395,152	686,606	686,606	
Interest	36,545	29,955	29,955	
Total Expenditures	<u>3,043,355</u>	<u>2,605,424</u>	<u>2,605,424</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(361,010)</u>	<u>767,211</u>	<u>768,352</u>	<u>1,141</u>
OTHER FINANCING SOURCES (USES)				
Long-term non-capital debt issued		300,000	300,000	
Proceeds from sale of capital assets	50,000			
Transfers in	200,000	542,551	542,551	
Transfers out		(875,393)	(875,393)	
Total Other Financing Sources and Uses	<u>250,000</u>	<u>(32,842)</u>	<u>(32,842)</u>	<u>0</u>
Net Change in Fund Balance	(111,010)	734,369	735,510	1,141
Fund Balances - Beginning		30,418	30,418	
Fund Balances - Ending	<u>\$ (111,010)</u>	<u>764,787</u>	<u>765,928</u>	<u>1,141</u>

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

LEAKE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.074366%	0.074644%	0.072492%	0.069812%	0.069710%	0.072881%
County's proportionate share of the net pension liability (asset)	\$ 14,396,393	13,131,353	12,057,573	11,605,124	12,451,948	11,265,965
Covered payroll	\$ 4,951,850	4,861,330	4,629,292	4,478,481	4,463,827	4,553,219
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.73%	270.12%	260.46%	259.13%	278.95%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

LEAKE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 865,900	789,474	740,695	708,912	721,956	716,454
Contributions in relation to the contractually required contribution	<u>865,900</u>	<u>789,474</u>	<u>740,695</u>	<u>708,912</u>	<u>721,956</u>	<u>716,454</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 4,976,437	4,877,063	4,702,816	4,501,022	4,583,847	4,548,914
Contributions as a percentage of covered payroll	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%

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

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

LEAKE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>County Road and Bridge Fund</u>
Budget (Cash Basis)	\$ (357,024)	735,510
Increase (Decrease)		
Net adjustments for revenue accruals	(107,432)	(786,495)
Net adjustments for expenditure accruals	<u>755,887</u>	<u>419,948</u>
GAAP Basis	<u>\$ 291,431</u>	<u>368,963</u>

LEAKE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

The wage inflation assumptions 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 6.00% to 7.00%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

LEAKE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

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%.

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.

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

LEAKE COUNTY

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LEAKE COUNTY

SUPPLEMENTARY INFORMATION

LEAKE COUNTY

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LEAKE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2020

Operating Expenditures, Cash Basis:

Salaries	\$	73,622
Contractual Services		18,957
Contractual Services - Solid Waste Disposal		1,022,134
Consumable Supplies		1,830
Miscellaneous		<u>1,398</u>

Solid Waste Cash Basis Operating Expenditures	1,117,941
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Full Cost Expenses:

Indirect administrative costs	14,988
Depreciation on equipment	15,635
Net effect of other accrued expenses	<u>13,998</u>

Solid Waste Full Cost Operating Expenses	\$ <u><u>1,162,562</u></u>
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LEAKE COUNTY

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LEAKE COUNTY

OTHER INFORMATION

LEAKE COUNTY

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LEAKE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Tony Smith	Supervisor District 1	RLI	\$ 100,000
Joe A. Helton	Supervisor District 2	RLI	\$ 100,000
Oliver Smith	Supervisor District 3	RLI	\$ 100,000
J. Lucas Brown	Supervisor District 4	RLI	\$ 100,000
Curtis Johnson	Supervisor District 5	RLI	\$ 100,000
Dot Merchant	Chancery Clerk	RLI	\$ 100,000
Corey Wooten	County Administrator	RLI	\$ 100,000
Belinda Atkinson	Purchase Clerk	RLI	\$ 75,000
Venita Verry	Receiving Clerk	Brierfield	\$ 75,000
Evangeline Harvey	Assistant Receiving Clerk	RLI	\$ 50,000
Rhonda L. Blanton	Assistant Receiving Clerk	Brierfield	\$ 50,000
Tiffany Agent	Assistant Receiving Clerk	RLI	\$ 50,000
Courtney Clay	Assistant Receiving Clerk	RLI	\$ 50,000
Stephanie Mays	Assistant Receiving Clerk	Brierfield	\$ 50,000
Barbara C. Smith	Assistant Receiving Clerk	FCCI	\$ 50,000
Michele Joiner	Assistant Receiving Clerk	RLI	\$ 50,000
Tawanna Steve	Assistant Receiving Clerk	RLI	\$ 50,000
Jackie Watkins	Assistant Receiving Clerk	RLI	\$ 50,000
Linda Sanders	Assistant Receiving Clerk	RLI	\$ 50,000
Inger Palmer	Assistant Receiving Clerk	RLI	\$ 50,000
Shirley O'Bannon	Assistant Receiving Clerk	RLI	\$ 50,000
Bethany Moore	Assistant Receiving Clerk	RLI	\$ 50,000
Kaitlyn Myers	Assistant Receiving Clerk	RLI	\$ 50,000
Jenna Lepard	Assistant Receiving Clerk	RLI	\$ 50,000
Rita Wilkerson	Assistant Receiving Clerk	RLI	\$ 50,000
Kristye Horn	Inventory Control Clerk	RLI	\$ 75,000
Ronald Alford	Road Manager	RLI	\$ 100,000
Randy Atkinson	Constable	Travelers	\$ 50,000
Steve McMillon	Constable	Travelers	\$ 50,000
Steve Goodman	Constable	RLI	\$ 50,000
Kenneth B Adcock	Circuit Clerk	RLI	\$ 100,000
Viktorea Pace	Deputy Circuit Clerk	RLI	\$ 50,000
Jenna Lepard	Deputy Circuit Clerk	Travelers	\$ 50,000
Beverly Prestage	Deputy Circuit Clerk	RLI	\$ 50,000
Gregg Waggoner	Sheriff	RLI	\$ 100,000
Ruby Graham	Justice Court Judge	RLI	\$ 50,000
Johnny W. Pope	Justice Court Judge	RLI	\$ 50,000
Adrianna Wilcher	Justice Court Clerk	RLI	\$ 50,000
Elizabeth C. Smith	Deputy Justice Court Clerk	RLI	\$ 50,000
Ashley O'Bannon	Deputy Justice Court Clerk	Travelers	\$ 50,000
Twanna Steve	Deputy Justice Court Clerk	Travelers	\$ 50,000
Kim Withers	Tax Assessor/Collector	RLI	\$ 100,000
J. Lucas Brown	Tax Assessor/Collector	RLI	\$ 100,000
Wendy Shuler	Deputy Tax Collector/Bookkeeper	Western	\$ 100,000
Cynthia Fortune	Deputy Tax Collector	RLI	\$ 50,000
Vickie Alford	Deputy Tax Collector	Brierfield	\$ 50,000
Stephanie Johnston	Deputy Tax Collector	RLI	\$ 50,000
Kaitlyn Myers	Deputy Tax Assessor	RLI	\$ 50,000
Jennifer Lee	Deputy Tax Assessor	RLI	\$ 50,000
Jenifer Brown	Deputy Tax Collector	RLI	\$ 50,000
Bethany Moore	Deputy Tax Collector	RLI	\$ 50,000
Kimberly Cumberland	Deputy Tax Collector	RLI	\$ 50,000
Latorey Fortune	Deputy Tax Collector/Solid Waste	RLI	\$ 50,000

LEAKE COUNTY

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LEAKE COUNTY

SPECIAL REPORTS

LEAKE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**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
Leake County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Leake 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 County's basic financial statements, and have issued our report thereon dated April 19, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leake County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to the management of Leake County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated April 19, 2022, included within this document.

Leake County's Response to Finding

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

Purpose of this Report

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

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 19, 2022



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**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
Leake County, Mississippi

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Leake 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.

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

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

A handwritten signature in black ink, reading "Joe E. Mcknight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 19, 2022

LEAKE COUNTY

Schedule of Purchases From Other Than 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.

LEAKE 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>
10/07/2019	Mold removal purchases	\$ 33,670	Various	Mold detected by inspection Board approved repairs
08/03/2020	AC compressor	13,600	Service Company	AC Repair during summer heat
08/17/2020	Towing / pull fee	6,800	Alford Trucking LLC	Pull excavator out of mud

LEAKE COUNTY

Schedule 3Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
11/07/2019	Taser and Equipment	\$	13,851	Axon Enterprise Inc.



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Leake County, Mississippi

In planning and performing our audit of the financial statements of Leake County, Mississippi for the year ended September 30, 2020, we considered Leake 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 Leake 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 April 19, 2022, on the financial statements of Leake County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Chancery Clerk

1. The Chancery Clerk deducted unallowed expenses on the Annual Financial Report.

No

Criteria

Section 9-1-43(1), Miss. Code Ann. (1972), states employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk's or circuit clerk's services in excess of Ninety-four Thousand Five Hundred Dollars (\$94,500.00). A business expense must be both ordinary and necessary to be deductible. All fees received in excess, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th of the preceding calendar year.

Condition	The Chancery Clerk claimed \$3,463 in unallowable expenses on the 2020 Annual Financial Report. Also, the Chancery Clerk did not settle all over the cap fees by April 15, 2021.
Cause	The Chancery Clerk did not follow state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the Chancery Clerk overstating expenses by \$3,463
Recommendation	The Chancery Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report and that all over the cap fees are settled by April 15 th .
Views of Responsible Official(s)	This was unintentional by my accountant and has been corrected.
Auditor's Note	The Chancery Clerk paid to the County \$3,463 on July 27, 2021 as evidenced by receipt number 43647.
Circuit Clerk.	
2.	<u>The Circuit Clerk deducted unallowable expenses on the Annual Financial Report.</u>
Repeat Finding	No
Criteria	Section 9-1-43(1), Miss. Code Ann. (1972), states employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk's or circuit clerk's services in excess of Ninety-four Thousand Five Hundred Dollars (\$94,500.00). A business expense must be both ordinary and necessary to be deductible. All fees received in excess, less any allowable expenses, are to be paid to the County's General Fund on or before April 15 th of the preceding calendar year.
Condition	The Circuit Clerk claimed \$529 in unallowable expenses on the 2020 Annual Financial Report.
Cause	The Circuit Clerk did not follow state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the Circuit Clerk overstating expenses by \$529.
Recommendation	The Circuit Clerk should ensure that only allowable expenses are claimed on the Annual Financing Report.
Views of Responsible Official(s)	I thought the above expenses were allowable Schedule C deductions of the IRS code. The auditor showed me that these insurance expenses were not deductible on the Schedule C. I have paid the \$529 to the county and amended my annual financial report, and sent said copies to the Office of the State Auditor and Public Employee Retirement System. The insurance will no longer be listed as an expense on my yearly Annual Financial Report.
Auditor's Note	The Circuit Clerk paid to the County \$529 on April 16, 2021 as evidenced by receipt number 43285.

Leake 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.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 19, 2022

LEAKE COUNTY

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LEAKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

LEAKE COUNTY

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LEAKE COUNTY

Schedule of Findings and Responses
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: | Unmodified |
| | |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Tax Assessor-Collector

Significant Deficiency

2020-001. Internal controls over the solid waste account should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over cash should include the reconciliation of bank accounts on a monthly basis and the proper accounting of beginning balances of the cash journal.

Condition Results of tests performed over the solid waste account indicated it had not been properly reconciled. Additionally, the clerk neglected to carry over beginning balances of the cash journal.

Cause The County lacks the necessary control procedures needed over cash.

Effect The failure to reconcile the solid waste account and neglecting to roll over cash balances could result in the misappropriation of public funds.

Recommendation The Tax Collector should implement internal controls to ensure that the solid waste account is reconciled and cash balances are properly accounted for month to month on the cash journal.

Views of Responsible Official(s) After conversations with the auditor, the bookkeeper, and myself we have a better understanding of the proper way to reconcile the solid waste account and ensure the necessary control procedures over cash are in place.