



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

OKTIBBEHA COUNTY
Audited Financial Statements
For the Year Ended September 30, 2020

OKTIBBEHA COUNTY
Contents

	Page
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	15
Government-wide Financial Statements	
Exhibit 1 – Statement of Net Position	16
Exhibit 2 – Statement of Activities	17
Governmental Funds Financial Statements	
Exhibit 3 – Balance Sheet - Governmental Funds	18
Exhibit 3-1 – Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Exhibit 4-1 – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Fiduciary Funds Financial Statements	
Exhibit 5 – Statement of Fiduciary Assets and Liabilities	22
Notes to Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	49
Budgetary Comparison Schedule – General Fund	50
Budgetary Comparison Schedule – Countywide Road Maintenance Fund	51
Budgetary Comparison Schedule – Countywide Bridge Maintenance Fund	52
Budgetary Comparison Schedule – State Aid Road Fund	53
Schedule Of The County's Proportionate Share Of The Net Pension Liability	54
Schedule Of County Contributions	55
Schedule Of Changes in Total OPEB Liability and Related Ratios	56
Notes to Required Supplementary Information	57
SUPPLEMENTARY INFORMATION	61
Schedule of Expenditures of Federal Awards	62
Notes to Supplementary Information	63
SPECIAL REPORTS	64
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	65
Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required By The Uniform Guidance	67
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	69
AUDITEE'S CORRECTIVE ACTION PLAN	73
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS	74

OKTIBBEHA COUNTY

FINANCIAL SECTION



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

James L. Stafford, CPA	Thomas J. Browder, CPA
Harry W. Stevens, CPA	Stephen D. Flake, CPA
S. Keith Winfield, CPA	John N. Russell, CPA
William B. Staggers, CPA	Anita L. Goodrum, CPA
Michael W. McCully, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	Edward A. Maxwell, CPA

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units would have been presented as \$106,829,311, \$24,441,110, \$82,388,201, \$71,937,429 and \$70,186,380.

Adverse Opinion

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oktibbeha County, Mississippi, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions on pages 5-14 and pages 50-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of Oktibbeha County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Oktibbeha County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oktibbeha County, Mississippi's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
June 30, 2022

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OKTIBBEHA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2020

INTRODUCTION

The discussion and analysis of Oktibbeha County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

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

Oktibbeha County is located in northeastern Mississippi. The population, according to the 2020 census is 51,788. The local economic base is mainly Manufacturing, Research/Technology, and Mississippi State University.

FINANCIAL HIGHLIGHTS

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

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

Total net position increased \$7,920,730. This represents an increase of 25.49% from the prior fiscal year. The County's ending cash balance decreased by \$705,025 from the prior fiscal year.

The County had \$33,727,123 in total revenues. Property tax revenues account for \$22,478,306 or 66.65% of total revenues. Intergovernmental revenues in the form of reimbursements, shared revenue or grants, account for \$4,800,373 or 14.23% of total revenues.

The County had \$25,806,393 in total expenses, which represents a decrease of \$3,873,906 or 13.05% decrease from the prior fiscal year. Expenses in the amount of \$6,346,859 were offset by charges for services, grants or outside contributions. General revenues of \$27,380,264 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$15,798,164 in revenues and \$12,378,264 in expenditures. The General Fund's fund balance increased by \$3,824,081 which includes the excess revenues over expenses of \$3,419,900 plus the increase from the net effect of other financing sources and uses of \$404,181. The other financial sources and uses includes the proceeds from sale of capital assets of \$5,300, the compensation of loss of capital assets of \$15,315, transfers in from other government funds of \$570,633 and transfers out to other government funds of \$187,067.

Among major funds, the Countywide Road Maintenance Fund had \$3,801,002 in revenues and \$2,883,855 in expenditures. The Countywide Road Maintenance Fund's fund balance increased by \$887,147 which includes the excess of expenses over revenue of \$917,147 plus the decrease from the net effect of other financing sources and uses of \$30,000 which includes \$270,000 from the issuance of long term capital debt and a \$300,000 transfer out to other governmental funds.

Among major funds, the Countywide Bridge Maintenance Fund had \$3,049,643 in revenues and \$2,154,353 in expenditures. The Countywide Bridge Maintenance Fund's fund balance increased by \$895,290.

Among major funds, the State Aid Road Fund had \$903,972 in revenues and \$3,500,844 in expenditures. The State Aid Road Fund's fund balance increased by \$2,558,291 which includes the excess of expenses over revenues of \$2,596,872 plus the increase from the net effect of other financing sources and uses which includes a transfer in from other governmental funds of \$5,155,163.

Capital assets, net of accumulated depreciation, increased by \$4,039,365.

Long-term debt decreased by \$2,450,292.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

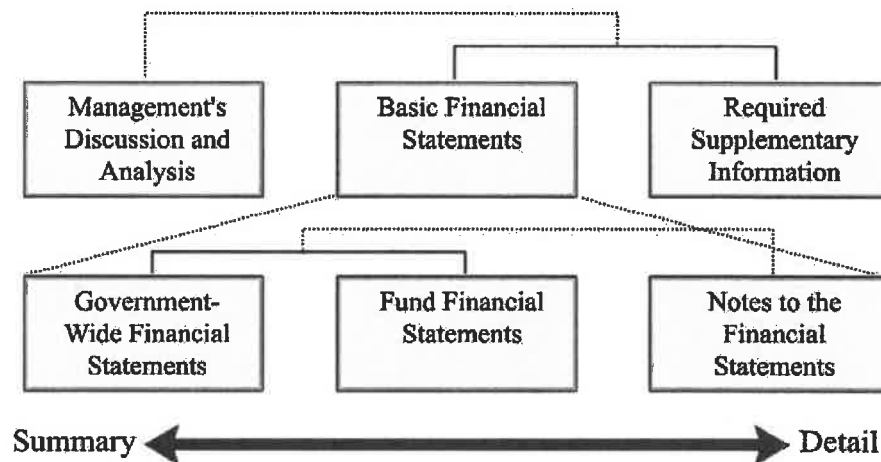


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 23 through 48 of this report.

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

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 50 through 53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position —Net position may serve over time as a useful indicator of government's financial position. In the case of Oktibbeha County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38,993,178 as of September 30, 2020.

By far, the largest portion of the County's net position 134.53% reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

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

The following table presents a summary of the County's net position for the fiscal year ended September 30, 2020 as compared to September 30, 2019.

	Governmental Activities 2020	Governmental Activities 2019
Current assets	\$ 55,470,688	53,134,585
Capital assets, net	65,412,936	61,373,571
Total assets	120,883,624	114,508,156
Deferred outflow of resources	2,658,264	1,189,581
Current liabilities	2,480,383	3,526,330
Long-term liabilities	61,368,158	61,654,928
Total liabilities	63,848,541	65,181,258
Deferred inflows of resources	20,700,169	19,444,031
Net Position:		
Net investment in capital assets	52,458,305	47,391,954
Restricted	17,062,659	17,578,656
Unrestricted	(30,527,786)	(33,898,162)
Total Net Position	\$ 38,993,178	31,072,448

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

- \$6,339,881 in capital additions during the current fiscal year.
- \$2,762,990 in debt principal retirement.
- \$937,095 decrease in net position due to recognition of change in pension (PERS) obligation.
- \$717,328 decrease in net position due to recognition of change in OPEB obligation.

Changes in Net Position - Oktibbeha County's total revenues for the fiscal year ending September 30, 2020 were \$33,727,123. The total cost for all services provided were \$25,806,393. The total change in net position of \$7,920,730 included a current period increase of 7,920,730.

	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 2,569,027	2,471,286
Operating grants & contributions	2,138,317	4,059,636
Capital grants & contributions	1,639,515	2,615,902
General Revenues:		
Property taxes	22,478,306	21,948,881
Road & bridge privilege taxes	482,504	479,813
Grants & contributions not restricted to specific programs	1,022,541	877,865
Unrestricted gifts & donations	20,000	22,600
Unrestricted interest income	886,739	905,257
Miscellaneous	2,490,174	1,402,678
Total Revenues	33,727,123	34,783,918
Expenses		
General government	6,606,582	5,891,371
Public safety	5,613,709	5,463,008
Public works	6,499,992	8,153,510
Health and welfare	1,702,920	1,720,370
Culture and recreation	249,229	214,813
Education	266,534	266,963
Conservation of natural resources	130,161	127,605
Economic development & assistance	1,253,523	3,968,744
Interest on long-term debt	1,132,710	1,534,284
Pension expense	2,155,903	2,195,495
OPEB expense	195,130	144,136
Total Expenses	25,806,393	29,680,299
Change in net position	7,920,730	5,103,619
Prior period adjustment	-	3,226,665
Total change in net position	\$ 7,920,730	8,330,284

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

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

	Total Cost	Net Cost
General Government	\$ 6,606,582	\$ 5,830,266
Public safety	5,613,709	4,033,507
Public works	6,499,992	2,888,467
Health and welfare	1,702,920	1,675,504
Culture & recreation	249,229	249,229
Education	266,534	266,534
Conservation of natural resources	130,161	130,161
Economic development & assistance	1,253,523	902,123
Interest on long term debt	1,132,710	1,132,710
Pension expense	2,155,903	2,155,903
OPEB expense	195,130	195,130

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds — Oktibbeha County's governmental funds reported a combined fund balance of \$33,205,644 a current period net increase of \$3,631,909. The primary reasons for this increase are highlighted in the analysis of governmental activities. In addition, other factors that affected ending fund balance are as follows:

- Excess of revenues over expenditures of \$3,326,541; plus, the increase of the net effect of other financing sources of \$305,368. Other financing sources include the issuance of long-term debt of \$270,000 for the purchase of new road equipment; the sale of capital assets of \$16,985; and the compensation for loss of capital assets of \$18,383.

The General Fund is the principal operating fund of the County and had an increase in the year-end fund balance over the prior year of \$3,824,081.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets — As of September 30, 2020, Oktibbeha County's total gross capital assets were \$133,729,669. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$6,014,899, which included, an increase of \$922,313 in mobile equipment, an increase of \$1,810 in furniture and equipment, a decrease of \$522,111 in lease- purchases of equipment, an increase of \$703,533 of additional bridge and road projects, and an increase of \$4,909,354 in construction in progress of road, bridges and buildings.

Total accumulated depreciation as of September 30, 2020 was \$68,316,733 which includes \$2,268,018 of depreciation expense for the current year. The balance in total net capital assets was \$65,412,936 at year-end.

Additional information on Oktibbeha County's capital assets is in note 5 on page 33 of this report.

Debt Administration — At September 30, 2020, Oktibbeha County had \$39,450,604 in long-term debt outstanding. This includes general obligation bonds, other loans, obligations under capital lease and compensated absences. Of this debt, \$2,679,598 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. However, the limitation is increased to 20% whenever a county issues bonds to replace or repair was out or collapsed bridges on public roads of the County. The County's outstanding debt as of September 30, 2020 was equal to 8.18% of the latest property assessments.

Additional information on Oktibbeha County's long-term debt can be found in note 10 on page 43 of this report.

CURRENT AND FUTURE ITEMS OF IMPACT

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

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

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Delois Farmer
Administrator

OKTIBBEHA COUNTY

FINANCIAL STATEMENTS

OKTIBBEHA COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 30,716,665
Property tax receivable	18,392,023
Accounts receivable (net of allowance for uncollectibles of \$2,442,886)	169,423
Fines receivable (net of allowance for uncollectibles of \$6,024,726)	1,528,494
Intergovernmental receivables	1,177,569
Other receivables	38,391
Inventories and prepaid items	3,448,123
Capital assets:	
Land and construction in progress	7,981,848
Other capital assets, net	57,431,088
Total Assets	<u>120,883,624</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,834,859
Deferred outflows related to postemployment benefits	823,405
Total Deferred Outflows of Resources	<u>2,658,264</u>
 LIABILITIES	
Claims payable	1,135,423
Intergovernmental payables	658,510
Accrued interest payable	393,974
Unearned revenue	124,502
Other payables	66,104
Claims and judgments payable	101,870
Long-term liabilities:	
Due within one year:	
Capital debt	1,163,594
Non-capital debt	1,400,000
Other postemployment benefits payable	88,695
Due in more than one year:	
Capital debt	11,791,037
Non-capital debt	23,736,240
Other postemployment benefits payable	2,734,625
Net pension liability	20,453,967
Total Liabilities	<u>63,848,541</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	273,692
Deferred inflows related to postemployment benefits	674,721
Deferred amount on refunding	1,359,733
Deferred revenues - property taxes	18,392,023
Total Deferred Inflows of Resources	<u>20,700,169</u>
 NET POSITION	
Net investment in capital assets	52,458,305
Restricted for:	
Expendable:	
General government	488,317
Public safety	1,834,341
Public works	8,897,412
Health and welfare	73,239
Economic development and assistance	1,915,537
Debt service	3,853,813
Unrestricted	(30,527,786)
Total Net Position	<u>\$ 38,993,178</u>

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

OKTIBBEHA COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

Program Revenues					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 6,606,582	738,622	37,694	-	(5,830,266)
Public safety	5,613,709	665,030	808,172	107,000	(4,033,507)
Public works	6,499,992	1,165,375	913,635	1,532,515	(2,888,467)
Health and welfare	1,702,920	-	27,416	-	(1,675,504)
Culture and recreation	249,229	-	-	-	(249,229)
Education	266,534	-	-	-	(266,534)
Conservation of natural resources	130,161	-	-	-	(130,161)
Economic development and assistance	1,253,523	-	351,400	-	(902,123)
Interest on long-term debt	1,132,710	-	-	-	(1,132,710)
Pension expense	2,155,903	-	-	-	(2,155,903)
OPEB expense	195,130	-	-	-	(195,130)
Total Governmental Activities	\$ 25,806,393	2,569,027	2,138,317	1,639,515	(19,459,534)
General revenues:					
Property taxes				\$ 22,478,306	
Road & bridge privilege taxes				482,504	
Grants and contributions not restricted to specific programs				1,022,541	
Unrestricted interest income				886,739	
Unrestricted gifts and donations				20,000	
Miscellaneous				2,490,174	
Total General Revenues				27,380,264	
Changes in Net Position				7,920,730	
Net Position - Beginning, as previously reported					31,072,448
Net Position - Ending					\$ 38,993,178

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

OKTIBBEHA COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge Maintenance Fund	State Aid Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 16,663,426	1,735,899	2,731,777	4,516	9,581,047	30,716,665
Property tax receivable	9,984,404	2,074,398	2,247,265	-	4,085,956	18,392,023
Accounts receivable (net of allowance for uncollectibles of \$2,442,886)	-	-	-	-	169,423	169,423
Fines receivable (net of allowance for uncollectibles of \$6,024,726)	1,528,494	-	-	-	-	1,528,494
Intergovernmental receivables	877,630	65,650	-	3,972	230,317	1,177,569
Other receivables	4,208	-	-	-	34,183	38,391
Due from other funds	-	68,949	32,433	-	184,163	285,545
Inventories and prepaid items	-	-	-	3,448,123	-	3,448,123
Total Assets	<u>\$ 29,058,162</u>	<u>3,944,896</u>	<u>5,011,475</u>	<u>3,456,611</u>	<u>14,285,089</u>	<u>55,756,233</u>
LIABILITIES						
Liabilities:						
Claims payable	\$ 480,476	129,586	119,412	-	405,949	1,135,423
Intergovernmental payables	628,348	30,162	-	-	-	658,510
Due to other funds	285,545	-	-	-	-	285,545
OPEB liability	64,487	9,017	8,983	-	6,208	88,695
Unearned revenue	-	-	-	-	124,502	124,502
Other payables	66,104	-	-	-	-	66,104
Claims and judgments payable	101,870	-	-	-	-	101,870
Total Liabilities	<u>\$ 1,626,830</u>	<u>168,765</u>	<u>128,395</u>	<u>-</u>	<u>536,659</u>	<u>2,460,649</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	9,984,404	2,074,398	2,247,265	-	4,085,956	18,392,023
Unavailable revenue - accounts receivable	-	-	-	-	169,423	169,423
Unavailable revenue - fines receivable	1,528,494	-	-	-	-	1,528,494
Total Deferred Inflows of Resources	<u>\$ 11,512,898</u>	<u>2,074,398</u>	<u>2,247,265</u>	<u>-</u>	<u>4,255,379</u>	<u>20,089,940</u>
Fund balances:						
Nonspendable:						
Prepaid items	-	-	-	3,448,123	-	3,448,123
Restricted for:						
General government	-	-	-	-	488,317	488,317
Public safety	-	-	-	-	1,834,341	1,834,341
Public works	-	1,701,733	2,635,815	8,488	933,830	5,279,866
Health and welfare	-	-	-	-	73,239	73,239
Economic development and assistance	-	-	-	-	1,915,537	1,915,537
Debt service	-	-	-	-	4,247,787	4,247,787
Unassigned	15,918,434	-	-	-	-	15,918,434
Total Fund Balances	<u>\$ 15,918,434</u>	<u>1,701,733</u>	<u>2,635,815</u>	<u>3,456,611</u>	<u>9,493,051</u>	<u>33,205,644</u>
Total Liabilities and Fund Balances	<u>\$ 29,058,162</u>	<u>3,944,896</u>	<u>5,011,475</u>	<u>3,456,611</u>	<u>14,285,089</u>	<u>55,756,233</u>

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

OKTIBBEHA COUNTY**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position****September 30, 2020****Exhibit 3-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 33,205,644
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 \$68,316,733.	65,412,936
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	1,528,494
Accounts receivable	169,423
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(38,090,871)
Other postemployment benefits that were not due and payable in the current period and, therefore, were not reported in the funds.	(2,734,625)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(20,453,967)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(393,974)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,834,859
Deferred outflows of resources related to postemployment benefits	823,405
Deferred amount on refunding	(1,359,733)
Deferred inflows of resources related to postemployment benefits	(674,721)
Deferred inflows of resources related to pensions	<u>(273,692)</u>
Total Net Position - Governmental Activities	\$ <u><u>38,993,178</u></u>

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

OKTIBBEHA COUNTY

Exhibit 4

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

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge Maintenance Fund	State Aid Road Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 12,255,504	2,513,403	2,765,059	-	4,976,152	22,510,118
Road and bridge privilege taxes	5,555	476,949	-	-	-	482,504
Licenses, commissions and other revenue	528,781	353	388	-	30,044	559,566
Fines and forfeitures	390,943	-	-	-	1,158	392,101
Intergovernmental revenues	1,671,475	779,812	223,976	903,972	2,558,409	6,137,644
Charges for services	246,683	-	-	-	1,617,072	1,863,755
Interest income	485,375	23,331	60,220	-	317,814	886,740
Miscellaneous revenues	213,848	7,154	-	-	1,224,829	1,445,831
Total Revenues	15,798,164	3,801,002	3,049,643	903,972	10,725,478	34,278,259
EXPENDITURES						
Current:						
General government	6,065,274	-	-	-	436,075	6,501,349
Public safety	4,515,280	-	-	-	1,258,309	5,773,589
Public works	24,244	2,801,931	2,053,588	3,500,844	2,746,727	11,127,334
Health and welfare	477,710	-	-	-	1,247,992	1,725,702
Culture and recreation	207,000	-	-	-	42,229	249,229
Education	266,534	-	-	-	-	266,534
Conservation of natural resources	130,161	-	-	-	-	130,161
Economic development and assistance	456,443	-	-	-	806,759	1,263,202
Debt service:						
Principal	229,960	81,292	94,336	-	2,240,000	2,645,588
Interest	5,658	632	6,429	-	1,246,755	1,259,474
Bond issue costs	-	-	-	-	9,556	9,556
Total Expenditures	12,378,264	2,883,855	2,154,353	3,500,844	10,034,402	30,951,718
Excess of Revenues over (under) Expenditures	3,419,900	917,147	895,290	(2,596,872)	691,076	3,326,541
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	-	270,000	-	-	-	270,000
Refunding bonds issued	-	-	-	-	-	-
Proceeds from sale of capital assets	5,300	-	-	-	11,685	16,985
Premiums on bonds issued	-	-	-	-	-	-
Compensation for loss of capital assets	15,315	-	-	-	3,068	18,383
Payment to bond refunding escrow agent	-	-	-	-	-	-
Transfers in	570,633	-	-	5,155,163	187,067	5,912,863
Transfers out	(187,067)	(300,000)	-	-	(5,425,796)	(5,912,863)
Total Other Financing Sources and Uses	404,181	(30,000)	-	5,155,163	(5,223,976)	305,368
Net Changes in Fund Balances	3,824,081	887,147	895,290	2,558,291	(4,532,900)	3,631,909
Fund Balances - Beginning	12,094,353	814,586	1,740,525	898,320	14,025,951	29,573,735
Fund Balances - Ending	\$ 15,918,434	1,701,733	2,635,815	3,456,611	9,493,051	33,205,644

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

OKTIBBEHA COUNTY**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2020****Exhibit 4-1**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,631,909
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 \$6,339,881 exceeded depreciation of \$2,268,018 in the current period.	4,071,863
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$32,498 in the current period.	(32,498)
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.	(222,588)
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.	(28,141)
Under the modified accrual basis of accounting used in the Governmental Funds, revenues are not recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the year end. Available means collected in the current year or within 60 days after year end to liquidate liabilities at the end of the fiscal year. However, in the Statement of Activities, which is presented on the accrual basis, revenues are recognized when they are earned. There is an intergovernmental receivable related to the construction of the safe room that do not meet the definition of recognition under the modified accrual basis of accounting but does meet the definition under the accrual basis of accounting.	(314,602)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$2,645,588 exceeded the debt proceeds of \$270,000.	2,375,588
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences liability	(42,698)
Decrease in accrued interest payable	18,918
Amortization of bond premium	117,402
Decrease in OPEB reported on the modified accrual basis of accounting	(701,364)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(2,155,903)
Recording of contributions made during the year	1,218,808
Some items reported in the Statement of Activities relating to the implementation of GASB 75 are not reported in the governmental funds. These activities include:	
Recording of OPEB expense for the current period	(195,130)
Recording of contributions made during the year	179,166
Change in Net Position of Governmental Activities	\$ <u><u>7,920,730</u></u>

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 121,454
Total Assets	<u>\$ 121,454</u>
LIABILITIES	
Intergovernmental payables	\$ 82,588
Other payables	38,866
Total Liabilities	<u>\$ 121,454</u>

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Oktibbeha County Hospital

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

OKTIBBEHA COUNTY
Notes to Financial Statements
For the Year Ended September 30, 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. Funds are organized into governmental and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

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

Countywide Bridge Maintenance Fund – This fund is used to account for financial resources from specific revenue sources that are restricted for bridge maintenance.

State Aid Road Fund – This fund is used to account for financial resources from specific revenue sources that are restricted for construction and maintenance of roads in the State Aid Road program.

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.

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

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

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Inter-fund 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." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position

H. Prepaid Items.

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

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets

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

include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

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

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

J. Deferred Outflows/Inflows of Resources:

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

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

Deferred outflows related to postemployment benefits – This amount represents the County's proportionate share of the deferred outflows of resources reported by the OPEB plan in which the County participates. See Note 8 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.

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

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

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

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

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.

Deferred inflows related to postemployment benefits – This amount represents the County's proportionate share of the deferred inflows of resources reported by the OPEB plan in which the County participates. See Note 8 for additional details.

K. Pensions.

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

L. Other Postemployment Benefits.

Plan Description

The Oktibbeha County Board of Supervisors administers the County's health and dental insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health and dental insurance plan may be amended by the Oktibbeha County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

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

M. Long-term Liabilities.

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

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

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

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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.

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues:

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

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

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

P. Intergovernmental Revenues in Governmental Funds.

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

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

Q. Compensated Absences.

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

R. Changes in Accounting Standards.

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

(2) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$30,838,119, and the bank balance was \$31,041,827. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

(3) Inter-fund 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>
Countywide Road Maintenance Fund	General Fund	\$ 68,949
Countywide Bridge Maintenance Fund	General Fund	32,433
Other Governmental Funds	General Fund	184,163
Total		<u>\$ 285,545</u>

The receivable represent the tax revenue collected in September 2020, but not settled until October 2020. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 570,633
State Aid Road Fund	Countywide Road Maintenance Fund	300,000
State Aid Road Fund	Other Governmental Funds	4,855,163
Other Governmental Funds	General Fund	187,067
Total		<u>\$ 5,912,863</u>

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

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

(4) Intergovernmental Receivables.

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

Description	Amount
FEMA Grant Reimbursement	\$ 540,907
Legislative tax credit	208,575
Golden Triangle September 2020 Solid Waste Settlement	108,636
Mississippi Development Authority Grant Reimbursement	51,900
TVA Grant Reimbursement	49,500
Gas Severance Tax	51,764
Sheriff's Department Reimbursement	30,229
Motor Vehicle License/Overweight Fines/Harvest Permits	12,950
MDOC Reimbursement for Housing Prisoners	8,660
City of Starkville Matching on Industrial Park Project	14,087
Chancery Clerk Reimbursements	4,890
Various Court Reimbursements	16,365
GTPDD/Greater Starkville Development/OCEDT Economic Development Reimbursement	54,300
State Aid Road Reimbursement	3,972
Department of Public Safety Reimbursements	5,400
Other	15,434
Total	\$ <u>1,177,569</u>

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

(5) Capital Assets.

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

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,016,113	-	-	-	1,016,113
Construction in progress	2,056,381	5,612,887	-	(703,533)	6,965,735
Total non-depreciable capital assets	3,072,494	5,612,887	-	(703,533)	7,981,848
<u>Depreciable capital assets:</u>					
Infrastructure	100,398,462	-	-	703,533	101,101,995
Buildings	10,188,417	-	-	-	10,188,417
Mobile equipment	10,730,120	439,994	309,792	792,111	11,652,433
Furniture and equipment	1,667,642	17,000	15,190	-	1,669,452
Leased property under capital lease	1,657,635	270,000	-	(792,111)	1,135,524
Total depreciable capital assets	124,642,276	726,994	324,982	703,533	125,747,821
<u>Less accumulated depreciation for:</u>					
Infrastructure	52,347,369	1,264,389	-	-	53,611,758
Buildings	3,539,272	180,586	-	-	3,719,858
Mobile equipment	8,122,733	563,123	278,813	570,372	8,977,415
Furniture and equipment	1,353,005	70,576	13,671	-	1,409,910
Leased property under capital lease	978,820	189,344	-	(570,372)	597,792
Total accumulated depreciation	66,341,199	2,268,018	292,484	-	68,316,733
Total depreciable capital assets, net	58,301,077	(1,541,024)	32,498	703,533	57,431,088
Governmental activities capital assets, net	\$ 61,373,571	4,071,863	32,498	-	65,412,936

* Adjustment were made to re-class completed construction to a depreciable reporting category and also to re-class leased equipment that was paid off during the current fiscal year.

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental activities:</u>	
General government	\$ 224,920
Public safety	498,204
Public works	1,544,894
Total governmental activities depreciation expense	\$ 2,268,018

OKTIBBEHA 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
County Road - Fox Road	\$ 19,969	September 2021
County Road - Hearst Road	90,000	September 2021
County Road - Prather Drive	16,702	September 2021
County Road - Theodis Road	65,000	September 2021
County Road - Pat Station Road	-	Unknown
County Road - Bel Air Subdivision Road	-	September 2021
County Road - County Lake Road	-	Unknown
County Road - Poor House Road	-	Unknown
State Aid Road - Longview Road	1,920,745	Unknown
State Aid Road - Blackjack Road	1,579,329	September 2021
State Aid Road - Sun Creek Bridge (157)	167,564	September 2021
State Aid Road - Longview/Adaton Bridge	459,728	September 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.

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

Under the plan, amounts payable to the risk management fund are based on actuarial estimates. Oktibbeha County pays the premium on a single coverage policy for its employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction. Premium payments to the risk management fund are determined on an actuarial basis. The County has minimum uninsured risk retention for the County, to the extent that actual claims submitted exceed the predetermined premium. The County has purchased coinsurance which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000.

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

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2019 and 2020:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018-2019	\$ 288,371	2,285,865	(2,409,967)	164,269
2019-2020	\$ 164,269	1,999,592	(2,061,991)	101,870

(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
Mobile equipment	\$ 1,135,524
Less: Accumulated depreciation	(597,792)
Leased Property Under Capital Leases	<u>\$ 537,732</u>

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	\$ 253,594	8,275
2022	103,723	3,160
2023	68,091	1,752
2024	69,223	620
Total	<u>\$ 494,631</u>	<u>13,807</u>

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

(8) Other Postemployment Benefits.

General Information about the OPEB Plan.

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

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

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

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

Employees covered by benefit terms. On October 1, 2019 the following employees were covered by the benefit terms:

	Number of Members	Average Age
Active	146	45.0
Retired	12	67.9
Spouses of retirees	2	
Total	160	

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. A retiree and spouse younger than age 65 pays \$673.20 per month for single coverage and \$979 per month for family coverage. A retiree and spouse older than age 65 pays \$336.60 per month for single coverage and \$592.56 per month for family coverage. The premium for a retiree and spouse where one of them is over age 65 and one is younger than age 65 is \$932 for family coverage. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan (implicit rate subsidy) from the County were \$179,166 for the year ended September 30, 2020.

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

At September 30, 2020, the County reported an OPEB liability of \$2,823,320. The OPEB liability was measured as of September 30, 2019. The total OPEB liability was determined by an actuarial valuation as of October 1, 2019 with these amounts rolled forward to include changes for the current year. These changes include the service cost; interest on the total OPEB liability; the effect of assumption changes or inputs; and county contributions (benefit payments) during the year ended September 30, 2020.

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

For the year ended September 30, 2020, the District recognized OPEB expense of \$195,130. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 823,405	308,952
Effect of economic/demographic gains or (losses)	-	365,769
Total	<u>\$ 823,405</u>	<u>674,721</u>

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

<u>Year ending September 30</u>	<u>Amount</u>
2021	\$ 11,595
2022	11,595
2023	11,595
2024	11,595
2025	12,832
2026	43,502
2027	45,970
Total	<u>\$ 148,684</u>

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

Actuarial assumptions. The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30 percent
Salary increases	3.00 percent, including inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	2.66 percent
Prior Measurement Date	4.18 percent
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.66 percent
Prior Measurement Date	4.18 percent
Health Care Cost Trends	
Medicare Supplement Claims	5.80 percent for 2020 decreasing to an ultimate rate of 3.70 percent by 2073
Pre-Medicare	6.10 percent for 2020 decreasing to an ultimate rate of 3.70 percent by 2073
Dental	4.00 percent for 2020 and later years

Mortality rates were based on the Pub-2010 General Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2021.

The demographic actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study dated October 1, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the October 1, 2019 valuation were based on a review of recent plan experience done concurrently with the October 1, 2019 valuation.

The plan had no assets as of the measurement date of 2019.

Discount rate. The discount rate used to measure the total OPEB liability at September 30, 2020 was 2.66 percent. Since the Prior Measurement Date, the Discount Rate has changed from 4.18% to 2.66%.

Since no trust was set up as of September 30, 2020, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2020.

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

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability	Deferred Outflows	Deferred Inflows	Total OPEB Liability plus Net Deferrals	Annual Expense
Balances as of September 30, 2019	\$ (2,292,704)	-	(365,968)	(2,658,672)	
Changes for the year:					
Service cost	(87,739)			(87,739)	\$ 87,739
Interest on total OPEB liability	(95,796)			(95,796)	95,796
Effect of economic/demographic gains of (losses)	420,607		(365,769)	54,838	(54,838)
Effect of assumption changes or inputs	(946,854)	823,405		(123,449)	123,449
Benefit payments	179,166			179,166	
Recognition of assumption changes or inputs			57,016	57,016	(57,016)
Annual expense					\$ 195,130
Balances as of September 30, 2020	\$ (2,823,320)	823,405	(674,721)	(2,674,636)	

Sensitivity of the County's OPEB liability to changes in the discount rate. The following presents the County's OPEB liability, as well as what the County's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

	1% Decrease 1.66%	Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 3,323,428	2,823,320	2,426,519

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	2,380,608	2,823,320	3,400,311

OPEB plan fiduciary net position. The fiduciary net position for the OPEB plan was zero as of September 30, 2020, the measurement date. Therefore, no separately issued financials were prepared.

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

(9) Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$1,218,808, \$1,141,350, and \$1,078,680, 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 \$20,453,967 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 .105657 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .001997 percent from its proportionate share used to calculate the September 30, 2019 net pension liability,

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

which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$2,155,903. 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	\$ 177,491	-
Net difference between projected and actual earnings on pension plan investments	861,407	-
Changes of assumptions	116,582	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	356,322	273,692
County contributions subsequent to the measurement date	323,057	-
Total	\$ <u>1,834,859</u>	<u>273,692</u>

\$323,057 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:

<u>Year ending September 30</u>	<u>Amount</u>
2021	\$ 247,595
2022	387,737
2023	332,046
2024	270,732
Total	\$ <u>1,238,110</u>

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

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

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

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

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

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

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

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 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 (percent) or 1-percentage-point higher (percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 26,475,148	20,453,967	15,484,075

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

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

(10) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
2011 Refunding Bonds Road & Bridge Construction	\$ 120,000	2.00-3.25%	Mar-21
2017 Road and Bridge Construction Bonds	12,340,000	2.40%	May-32
2017 Industrial Park Bonds	5,850,000	3.50-3.80%	Sep-32
2018A Refunding Bonds 2009 Oktibbeha County Hospital	9,610,000 *	2.00-4.00%	Nov-32
2018B Refunding Bonds 2009 Oktibbeha County Hospital	5,910,000 *	2.00-4.00%	Nov-34
2019 Series Refunding Bonds 2010 Oktibbeha County Hospital	3,220,000 *	3.00-4.00%	Sep-30
Total General Obligation Bonds	<u>\$ 37,050,000</u>		
B. Capital Leases			
EMA Equipment	\$ 97,694	2.05%	Oct-21
(2) John Deere 60G Mini Excavators	53,421	3.50%	Oct-21
(2) John Deere 60G Mini Excavators	73,516	3.69%	Mar-22
(3) 2021 Kenworth T370 Dump Trucks	270,000	1.65%	Sep-24
Total Capital Leases	<u>\$ 494,631</u>		

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

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2021	\$ 2,310,000	1,201,085
2022	2,360,000	1,136,125
2023	2,450,000	1,068,655
2024	3,385,000	990,730
2025	2,660,000	893,420
2026-2030	14,930,000	3,097,090
2031-2035	8,955,000	821,805
Total	<u>\$ 37,050,000</u>	<u>9,208,910</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 8.18% of the latest property assessments.

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

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

	Balance			Balance	Amount due
	Oct. 1, 2019	Additions	Reductions	Sept. 30, 2020	within one
					year
Governmental Activities:					
Compensated Absences	\$ 503,542	42,698	-	546,240	-
General Obligation Bonds	39,290,000	-	2,240,000	37,050,000	2,310,000
Add: Premiums	1,477,135	-	117,402	1,359,733	116,004
Capital Leases	630,219	270,000	405,588	494,631	253,594
Total	\$ 41,900,896	312,698	2,762,990	39,450,604	2,679,598

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

(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.

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Oktibbeha County Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2020, is \$6,685,000.

COVID-19 – On March 11, 2020 the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the County's operations. As of June 30, 2022, Management has noted an adverse effect on workforce availability and operational costs. The long term effects of these items on the net position of the County cannot be determined as of the date of this report.

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

(12) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(30,527,786) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$323,057 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$1,511,802 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$273,692 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of \$(30,527,786) includes the effect of deferred inflows/outflows of resources related to other post-employment benefits. The \$823,405 balance of the deferred outflow of resources related to other post-employment benefits at September 30, 2020, will be recognized in OPEB expense over the next 7 years. The \$674,721 balance of the deferred inflow of resources related to other post-employment benefits at September 30, 2020, will be recognized in OPEB expense over the next 7 years.

The governmental activities' unrestricted net position amount of \$(30,527,786) includes the effect of deferred inflows of resources related to a bond refunding. The \$1,359,733 balance of the deferred inflow of resources related to a bond refunding at September 30, 2020 will be recognized as a decrease in interest on long-term debt over the next 15 years.

(13) Related Organizations.

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

(14) Joint Ventures.

The County participates in the following joint ventures:

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Oktibbeha County Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the County's agreement, the County's appropriation to the joint venture was \$195,293 in the fiscal year 2020. Complete financial statements for the Oktibbeha County Library can be obtained at 326 University Drive, Starkville, MS 39759.

Oktibbeha County is a participant with the Town of Sturgis in a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Sturgis Library. The joint venture is governed by ten members, five appointed by each government. By contractual agreement, the County's agreement, the County's appropriation to the joint venture was \$7,500 in the fiscal year 2020. Complete financial statements for the Oktibbeha County Library can be obtained at 2732 MS-12, Sturgis, MS 39769.

Oktibbeha County is a participant with the City of Starkville in a joint venture, authorized by Section 61-5-39, Miss. Code Ann. (1972), to operate the George M. Bryan Field (airport). The joint venture is governed by seven members, three appointed by each government and one appointed by Mississippi State University. The County contributed \$23,946 to the joint venture in the fiscal year 2020.

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

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

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. The Oktibbeha County Board of Supervisors appoints two of the twelve members of the college board of trustees. The County contributed \$1,262,886 for maintenance and support of the college in fiscal year 2020.

Golden Triangle Planning Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County contributed \$50,000 for support of the district in fiscal year 2020.

Golden Triangle Regional Airport Authority operates in a district composed of Counties of Lowndes and Oktibbeha and the Cities of Columbus, Starkville, and West Point. The Oktibbeha County Board of Supervisors appoints one of the five members of the board of commissioners. The County provided no financial support for the authority in fiscal year 2020.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Oktibbeha County Board of Supervisors appoints one of the seven members of the board of commissioners. The County contributed \$45,500 for support of the agency in fiscal year 2020.

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

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

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

(16) Tax Abatements.

The Oktibbeha County Board of Supervisors enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec 17-21-5(1). Under the code, the county has the authority in their discretion to exempt from any or all county ad valorem taxes, excluding ad valorem taxes for school districts, for a period of not more than seven years for the purpose of attracting or retaining businesses within their jurisdiction. A detailed listing of the property tax abatement agreements the county has entered into for the fiscal year ended September 30, 2020 is listed in the table below:

<u>Name</u>	<u>Assessed Value</u>	<u>Tax Abatement</u>
<u>Real Property</u>		
Cellular South real Estate, Inc.	\$ 1,844,976	\$ 107,913
The Claiborne at Adelaide, LLC	1,548,560	90,575
<u>Personal Property</u>		
C Spire Advanced Data Solutions LLC	218,127	12,758
The Claiborne at Adelaide, LLC	60,197	3,521
Southwire Company, Inc	404,764	23,675
Total	\$ <u>4,076,624</u>	\$ <u>238,442</u>

(17) Office of State Auditor Purchasing Report and Limited Compliance Review Report

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>. OSA's report will include a Purchasing Report and Limited Compliance Review Report.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Oktibbeha County evaluated the activity of the County through June 30, 2022, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to financial statements.

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

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/19/2021	1.39%	\$ 823,040	Lease Purchase	Guaranty Bank & Trust Bank
			General Obligation Bonds	
11/10/2021	.39% - 1.18%	\$ 11,884,000	Refunding Bonds	MS Development Bank
12/15/2021	4.00%	\$ 10,000,000	General Obligation Bonds	MS Development Bank

- On March 15, 2021 the Board of Supervisors approved Colom Construction as lowest and best bid for bridge replacement on Hickory Grove Road in the amount of \$389,433.
- On April 5, 2021 the Board of Supervisors approved the purchase of election equipment in the amount of \$256,447 from Election Systems and Software.
- On April 5, 2020 the Board of Supervisors adopted resolution approving the adoption and implementation of the Tax Increment Financing Plan for the Garan Manufacturing Redevelopment Project
- Accepted bid for the purchase a motor grader in the amount \$202,000 from TraxPlus, LLC.
- Approved Purchase of (23) 2021 Dodge Durango(s) for the Sheriff's Department. This purchase was financed with Guaranty Bank & Trust Co. in the amount of \$823,040.
- County issued Series 2021A Refunding Bonds through the MS Development Bank in the amount of \$11,884,000 to payoff 2017 Bonds in the amount of \$11,550,000 plus interest of \$6,930.
- Approved lowest and best bids for the purchased of various pieces of equipment. The county purchased (2) Motor Graders for \$210,000 each; (2) Loaders for \$158,000 each and an Excavator for \$175,000 from TraxPlus, LLC. The county purchased a Bulldozer from Thompson Machinery in the amount of \$157,834. The County purchased (3) Tractors for \$56,880 each and (3) Bushhog(s) for \$18,900 each from the Oktibbeha County Co-op,
- The county issued Series 2021 General Obligation Bonds through the MS Development Bank in the amount of \$10,000,000.
- The county finalized the purchase of building and property at 48 Lynn Lane at a gross sales price of \$1,800,000.
- Approved lowest and best bid for F450 Truck in the amount of \$165,000 from Burroughs Diesel.
- Approved execution of Poorhouse Road overlay contract in the amount of \$1,595,441 with Falcon Contracting, Inc.

OKTIBBEHA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 11,798,060	12,222,333	12,222,333	-
Road and bridge privilege taxes	-	-	4,666	4,666
Licenses, commissions and other revenue	470,500	361,804	530,395	168,591
Fines and forfeitures	515,000	398,526	398,526	-
Intergovernmental revenues	1,124,000	1,359,276	965,024	(394,252)
Charges for services	240,000	236,973	236,973	-
Interest income	125,000	452,591	452,591	-
Miscellaneous revenues	75,000	674,293	515,235	(159,058)
Total Revenues	<u>14,347,560</u>	<u>15,705,796</u>	<u>15,325,743</u>	<u>(380,053)</u>
EXPENDITURES				
Current:				
General government	7,300,310	6,241,009	6,241,009	-
Public safety	5,232,820	4,740,329	4,740,329	-
Public works	132,000	24,244	24,244	-
Health and welfare	530,572	495,745	495,745	-
Culture and recreation	211,700	206,602	206,602	-
Education	359,285	375,018	375,018	-
Conservation of natural resources	147,150	136,027	136,027	-
Economic development and assistance	468,000	459,588	459,588	-
Debt service:				-
Principal	-	229,960	229,960	-
Interest	-	5,658	5,658	-
Total Expenditures	<u>14,381,837</u>	<u>12,914,180</u>	<u>12,914,180</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(34,277)</u>	<u>2,791,616</u>	<u>2,411,563</u>	<u>(380,053)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	5,300	5,300
Compensation for loss of capital assets	-	-	15,315	15,315
Transfers in	-	-	378,897	378,897
Transfers out	-	(170,000)	(170,000)	-
Other financing sources	600,000	20,615	-	(20,615)
Other financing uses	(1,834,050)	-	-	-
Total Other Financing Sources and Uses	<u>(1,234,050)</u>	<u>(149,385)</u>	<u>229,512</u>	<u>378,897</u>
Net Change in Fund Balance	(1,268,327)	2,642,231	2,641,075	(1,156)
Fund Balances - Beginning	<u>1,268,327</u>	<u>13,096,736</u>	<u>13,096,736</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>15,738,967</u>	<u>15,737,811</u>	<u>(1,156)</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,399,680	2,508,647	2,508,647	-
Road and bridge privilege taxes	450,000	474,296	474,296	-
Licenses, commissions and other revenue	-	353	353	-
Intergovernmental revenues	648,500	780,489	780,489	-
Interest income	8,500	25,723	25,723	-
Miscellaneous revenues	-	5,105	5,105	-
Total Revenues	<u>3,506,680</u>	<u>3,794,613</u>	<u>3,794,613</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	4,133,340	3,268,719	3,268,719	-
Debt service:				-
Principal	-	81,286	81,286	-
Interest	-	638	638	-
Total Expenditures	<u>4,133,340</u>	<u>3,350,643</u>	<u>3,350,643</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(626,660)</u>	<u>443,970</u>	<u>443,970</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	-	270,000	270,000	-
Transfers out	-	(300,000)	(300,000)	-
Total Other Financing Sources and Uses	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net Change in Fund Balance	(626,660)	413,970	413,970	-
Fund Balances - Beginning	<u>626,660</u>	<u>1,735,899</u>	<u>1,735,899</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>2,149,869</u>	<u>2,149,869</u>	<u>-</u>

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

OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Bridge Maintenance Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,639,650	2,759,843	2,759,843	-
Licenses, commissions and other revenue	300	388	388	-
Intergovernmental revenues	3,500	223,976	223,976	-
Interest income	20,000	63,597	63,597	-
Total Revenues	<u>2,663,450</u>	<u>3,047,804</u>	<u>3,047,804</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	4,057,060	2,092,760	2,092,760	-
Debt service:				
Principal	-	94,361	94,361	-
Interest	-	6,405	6,405	-
Total Expenditures	<u>4,057,060</u>	<u>2,193,526</u>	<u>2,193,526</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,393,610)</u>	<u>854,278</u>	<u>854,278</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,393,610)	854,278	854,278	-
Fund Balances - Beginning	<u>1,393,610</u>	<u>2,731,777</u>	<u>2,731,777</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>3,586,055</u>	<u>3,586,055</u>	<u>-</u>

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

OKTIBBEHA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
State Aid Road Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 185,000	900,000	900,000	-
Total Revenues	<u>185,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	<u>189,700</u>	<u>6,177,707</u>	<u>6,177,707</u>	<u>-</u>
Total Expenditures	<u>189,700</u>	<u>6,177,707</u>	<u>6,177,707</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(4,700)</u>	<u>(5,277,707)</u>	<u>(5,277,707)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	<u></u>	<u>5,155,163</u>	<u>5,155,163</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>5,155,163</u>	<u>5,155,163</u>	<u>-</u>
Net Change in Fund Balance	<u>(4,700)</u>	<u>(122,544)</u>	<u>(122,544)</u>	<u>-</u>
Fund Balances - Beginning	<u>4,700</u>	<u>898,320</u>	<u>898,320</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>775,776</u>	<u>775,776</u>	<u>-</u>

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

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

	<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)	0.105657%	0.107654%	0.104637%	0.101017%	0.099183%	0.098177%
County's proportionate share of the net pension liability (asset)	\$ 20,453,967	18,938,463	17,404,242	16,792,454	17,716,560	15,176,228
County's covered payroll	\$ 7,035,422	7,011,239	6,682,092	6,433,315	6,344,972	6,133,549
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.73%	270.12%	260.46%	261.02%	279.22%	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 notes to required supplementary information are an integral part of this schedule.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,218,808	1,141,350	1,078,680	1,013,248	1,039,040	972,956
Contributions in relation to the contractually required contribution	<u>1,218,808</u>	<u>1,141,350</u>	<u>1,078,680</u>	<u>1,013,248</u>	<u>1,039,040</u>	<u>972,956</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 7,004,654	7,051,907	6,848,757	6,433,321	6,597,077	6,172,641
Contributions as a percentage of covered payroll	17.40%	16.18%	15.75%	15.75%	15.75%	15.75%

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

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 87,739	\$ 101,572	114,059
Interest on total OPEB liability	95,796	99,580	107,222
Effect of plan changes	-	-	-
Effect of economic/demographic gains or (losses)	(420,607)	-	-
Effect of assumption changes or inputs	946,854	(208,215)	(245,627)
Benefit payments	(179,166)	(662,810)	(804,503)
Net change in total OPEB liability	\$ 530,616	\$ (669,873)	(828,849)
Total OPEB liability, beginning (Under GASB Statement 45)			243,628
Restatement due to change in accounting standards*			3,547,798
Restate Total OPEB liability, beginning (Under GASB Statement 75)			3,791,426
Total OPEB liability, ending	\$ 2,823,320	\$ 2,292,704	2,962,577
Covered-employee payroll	\$ 6,877,469	\$ 6,536,727	6,155,516
Total OPEB liability as a % of covered-employee payroll	41.05%	35.07%	48.13%

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

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

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

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

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

	Governmental Fund Types			
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge Maintenance Fund	State Aid Road Fund
Budget (Cash Basis)	\$ 2,641,075	413,970	854,278	(122,544)
Increase (Decrease)				
Net adjustments for revenue accruals	664,157	6,389	1,839	3,972
Net adjustments for expenditure accruals	518,849	466,788	39,173	(771,260)
Other reconciling items:				
Prepaid Items	-	-	-	3,448,123
GAAP Basis	<u>\$ 3,824,081</u>	<u>887,147</u>	<u>895,290</u>	<u>2,558,291</u>

OKTIBBEHA COUNTY
Notes to 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 assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019

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

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

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

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

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

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

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

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

The price inflation assumption was reduced from 3.00% to 2.75%. The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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

B. Changes in benefit provisions.

2016

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

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

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

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

OPEB Schedules

A. Changes of assumptions

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

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

2019: The discount rate was changed from 4.18% for the prior measurement date to 2.66% for the current measurement date.

B. Changes in benefit provision

2017: None

2018: None

2019: None

C. Methods and assumptions used to determine contribution rates:

Valuation date:	September 30, 2020
Measurement date:	September 30, 2019
Actuarial cost method:	Entry Age Normal
Inflation:	2.30%
Salary increases including inflation:	3.00%

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

Mortality rates:	Pub-2010 General Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2021.
Participation assumption:	25% of participants retiring prior to age 65 are assumed to elect coverage. 10% of participants retiring for the first time after age 65 or continuing coverage past age 65 are assumed to elect coverage.
Marriage assumption:	For employees retiring in the future, it is assumed that husbands are three years older than their wives. It is assumed that 50% of active employees who retire with medical coverage will elect to cover their spouse. Actual dependent information is used for current retirees.
Healthcare cost trend rates:	Non-Medicare eligible costs are estimated to increase 6.10% annually decreasing to 3.70% by 2073. Medicare eligible costs are estimated to increase 5.80% annually decreasing to 3.70% by 2073. Dental costs are estimated to increase 4.00% annually.

Retirement age:

<u>Age</u>	<u>Annual Rates of Retirement</u>			
	<u>Male Employees</u>		<u>Female Employees</u>	
	<u>Select</u>	<u>Ultimate</u>	<u>Select</u>	<u>Ultimate</u>
	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>	<u>Rates</u>
55	0.00%	18.00%	0.00%	19.75%
60	11.25%	19.00%	13.25%	21.50%
62	21.00%	29.00%	18.75%	34.00%
65	25.50%	32.00%	30.00%	42.25%
70	19.50%	26.00%	23.00%	30.00%
75	22.00%	24.00%	21.50%	25.00%
80	100.00%	100.00%	100.00%	100.00%

OKTIBBEHA COUNTY

SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipient	Federal Expenditures
United States Department of Agriculture				
Direct Program				
Schools and Road Grants to States	10.665	N/A	\$ 409	409
Total United States Department of Agriculture			409	409
United States Department of Public Safety				
Passed through Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18LB153	-	3,756
Total United States Department of Public Safety			-	3,756
United States Department of Transportation				
Passed Through Mississippi Department of Transportation				
Highway Planning & Construction	20.205	STP-0420-00(022)LPA	-	14,653
State Community & Highway Safety	20.600	OP-2018-OP-15-31	-	14,890
Alcohol Open Container Requirements	20.607	154AL-2020-15-31	-	9,511
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0554-16-02-00	-	18,763
Total United States Department of Transportation			-	57,817
Appalachian Regional Commission				
Passed Through Mississippi Development Authority				
Appalachian Area Development	23.002	MS-19088	-	51,900
Total Appalachian Regional Commission			-	51,900
United States Department of Treasury				
Passed Through Mississippi Emergency Management Agency				
Coronavirus Relief Fund	21.019	FIPS#105-99105-00	-	540,907
Total United States Election Assistance Commission			-	540,907
United States Department Of Homeland Security				
Passed Through Mississippi Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4450-DR-MS	-	145,538
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4470-DR-MS	-	146,398
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4478-DR-MS	-	201,140
Emergency Management Performance Grant	97.042	EMA-2018-EP-00005	-	40,255
Homeland Security Grant Program	97.067	19HS053	-	20,490
Total United States Department of Homeland Security			-	553,821
Total Expenditures of Federal Awards			\$ 409	1,208,610

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

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

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, includes the federal award activity of Oktibbeha County under programs of the federal and state governments for the year ended September 30, 2020. The schedule presents only a selected portion of the operations of Oktibbeha County and is not intended to, and does not, present the financial position, changes in net position, or cash flows of the County.

Note B – Basis of Accounting

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

Note C – Program Costs

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

Note D – Indirect Cost Rate

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

OKTIBBEHA COUNTY

SPECIAL REPORTS



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

James L. Stafford, CPA	Thomas J. Browder, CPA
Harry W. Stevens, CPA	Stephen D. Flake, CPA
S. Keith Winfield, CPA	John N. Russell, CPA
William B. Staggers, CPA	Anita L. Goodrum, CPA
Michael W. McCully, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	Edward A. Maxwell, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oktoberbeha County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2022. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **2020-002** to be a significant deficiency.

Compliance and Other Matters

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

Oktibbeha County's Response to Findings

Oktibbeha County's response to the findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Oktibbeha County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
June 30, 2022

Watkins Ward and Stafford, PLLC



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

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA

Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

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

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

Report on Compliance for Each Major Federal Program

We have audited the Oktibbeha County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Oktibbeha County, Mississippi's major federal program for the year ended September 30, 2020. Oktibbeha County, Mississippi's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC
Louisville, Mississippi
June 30, 2022

Watkins Ward and Stafford, PLLC

OKTIBBEHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OKTIBBEHA COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section I: Summary of Auditors' Results

Financial Statements:

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

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
Countywide Bridge Maintenance Fund	Unmodified
State Aid Road Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

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

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:

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

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

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

7. Identification of major federal programs:

a. CFDA# 21.019 Coronavirus Relief Fund

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

9. Auditee qualified as low risk auditee? No

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

Section II: Financial Statement Findings

Board of Supervisors.

Material Weakness

2020-001. Component unit should be included in County's financial statements.

Repeat Finding Yes; 2019-001

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

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

Cause: Unknown

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

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

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

Board of Supervisors.

Significant Deficiency not considered to be a Material Weakness

2020-002. Inadequate segregation of duties in Justice Court Clerk's Office

Criteria: An effective system of internal controls should include an adequate segregation of duties over receipt collection, bank deposits, bank reconciliation, and general ledger posting. There should be a separation of duties between employees who maintain custody of assets and those employees who are responsible for the maintenance of financial records.

Condition: During our audit field work we noted the Justice Court Clerk receives deposits; makes deposits at the bank; reconciles those bank statements and maintains the general ledger.

Cause: A new clerk was appointed to this position to replace a long term clerk.

Effect: The failure to properly segregate these duties could result in the misappropriation of county funds.

Recommendation: We recommend that employee duties be properly segregated. There should be a separation of duties between employees who maintain custody of assets and those employees who are responsible for the maintenance of financial records.

Board of Supervisors' Response: Employee duties in the Justice Court Clerk's office will be properly segregated. There will be a separation of duties between employees who maintain custody of assets and those employees who are responsible for the maintenance of financial records.

Section III: Federal Award Findings and Questioned Costs

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

**AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY OF
PRIOR YEAR AUDIT FINDINGS**

OKTIBBEHA COUNTY

BOARD OF SUPERVISORS

P. O. BOX 80285

STARKVILLE, MISSISSIPPI 39759

SUPERVISORS

JOHN MONTGOMERY

ORLANDO TRAINER

MARVELL HOWARD

BRICKLEE MILLER

JOE WILLIAMS

DELOIS FARMER

County Administrator

dfarmer@gtpdd.com

PHONE (662) 323-1520

FAX (662) 338-1065

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, Oktibbeha County has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2020:

Finding	Corrective Action Plan Details
2020-001	Component unit should be included in County's financial statement
	A. Name of contact person responsible for corrective action: Delois Farmer, County Administrator
	B. Corrective action planned The county does not wish to have our component unit financial information included with our audited financial statements. The component unit's financial statements are provided to the county and are available to the public by request.
	C. Anticipated completion date N/A
2020-002	Inadequate segregation of duties in Justice Court Clerk office
	A. Name of contact person responsible for corrective action: Delois Farmer, County Administrator and Shalonda Sykes, Justice Court Clerk
	B. Corrective action planned Employee duties in the Justice Court Clerk's office will be properly segregated. There will be a separation of duties between employees who maintain custody of assets and those employees who are responsible for the maintenance of financial records.
	C. Anticipated completion date Immediately

Sincerely,

Bricklee Miller

We are an equal opportunity provider.

OKTIBBEHA COUNTY

BOARD OF SUPERVISORS

P. O. BOX 80285

STARKVILLE, MISSISSIPPI 39759

SUPERVISORS

JOHN MONTGOMERY
ORLANDO TRAINER
MARVELL HOWARD
BRICKLEE MILLER
JOE WILLIAMS

DELOIS FARMER

County Administrator

dfarmer@gtppd.com

PHONE (662) 323-1520

FAX (662) 338-1065

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by the Uniform Guidance, Oktibbeha County has prepared and hereby submits the following summary of prior year audits findings as of September 30, 2020:

Findings	Status
2019-001	Not Corrected – See 2020-001

Sincerely,

Bricklee Miller

We are an equal opportunity provider.