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***TISHOMINGO COUNTY
Iuka, Mississippi***

***Audited Financial Statements
and Special Reports***

For the Year Ended September 30, 2020



Certified Public Accountants

TISHOMINGO COUNTY

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Tishomingo 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 Tishomingo County, Mississippi, (the County) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

Booneville, Mississippi
Phone: (662) 728-6172

Corinth, Mississippi
Phone: (662) 286-7082

Iuka, Mississippi
Phone: (662) 423-5057

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tishomingo 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* (Uniform Guidance), and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Reconciliation of Operating Costs of Solid

Waste are the responsibility of management and were 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 and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of Tishomingo 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 Tishomingo 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 Tishomingo County, Mississippi's internal control over financial reporting and compliance.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
December 28, 2022

**Tishomingo County
Management's Discussion and Analysis
For the Year Ended September 30, 2020**

INTRODUCTION

The discussion and analysis of Tishomingo 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.

Tishomingo County is located in northeastern Mississippi. The population, according to the 2020 census, is 18,850. The local economic base is driven mainly by a transition from manufacturing to wholesale distributors and a service-oriented economy. The service economy consists primarily of tourism, recreation, health, and education. Manufacturing remains an integral part of the local economy.

FINANCIAL HIGHLIGHTS

Tishomingo County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting, strong internal controls, and keeping debt low.

The County's total assets for the year were \$93,995,928, and total liabilities were \$27,833,812. The total deferred outflows of resources were \$1,283,802, and total deferred inflows of resources were \$7,765,741. The total net position for the year was \$59,680,177. This represents an increase in total net position of \$1,757,523 from the prior fiscal year.

The County's total revenues for the year were \$16,421,416, representing an increase of \$1,001,199 from the prior fiscal year. Tax revenues account for \$6,569,850 or 40% of total revenues. Federal, state, and local government revenues in reimbursements, shared revenue or grants, account for \$8,378,468 or 51% of total revenues. Charges for services account for \$1,473,098, or 9% of the County's total revenues.

The County had \$14,663,893 in total expenses, representing an increase of \$234,427 from the prior fiscal year. General government expenses account for \$3,991,813, or 27% of total expenses. Public safety accounts for \$2,690,885 or 19% and public works account for \$3,710,154 or 25% of total expenses. Economic development expenses account for \$2,218,100, or 15% of total expenses. Health and welfare, culture and recreation, conservation of natural resources, interest on long-term debt, and pension expense account for \$2,052,941 or 14% of the County's total expenses. Expenses of \$4,777,864 were offset by charges for services and operating or capital grants and contributions. General revenues of \$11,643,552 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$7,974,710 in revenues and \$6,883,302 in expenditures. Total other financing sources and uses netted a decrease of \$119,069, which resulted in the General Fund's fund balance increasing \$972,339 from the prior year.

Among major funds, the Contract Fabricators, Inc. Fund had \$80,653 in revenues and \$266,207 in expenditures. Total other financing sources and uses netted an increase of \$186,049, which resulted in the Contract Fabricator, Inc. Fund's fund balance increasing \$495 from the prior year.

Among major funds, the Economic Development Fund had \$15,395 in revenues and no expenditures. Total other financing sources and uses netted an increase of \$12,607. The Economic Development Fund's fund balance increased \$28,002.

Among major funds, the Mississippi Silicon Fund had \$400,584 in revenues and \$403,634 in expenditures. Mississippi Silicon Fund's fund balance decreased \$3,050 from the prior year.

Capital assets, net of accumulated depreciation, as of September 30, 2020, were \$63,200,040. Capital assets, net of accumulated depreciation decreased \$2,146,609 from the prior year.

Long-term debt decreased by \$1,111,430. Other loans and leases were issued in the amount of \$122,917 and \$171,072, respectively. Leases and other loans were retired in the amount of \$35,167 and \$1,080,252, respectively. Bonds payable were retired in the amount of \$290,000.

Net pension liability increased by \$969,140 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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

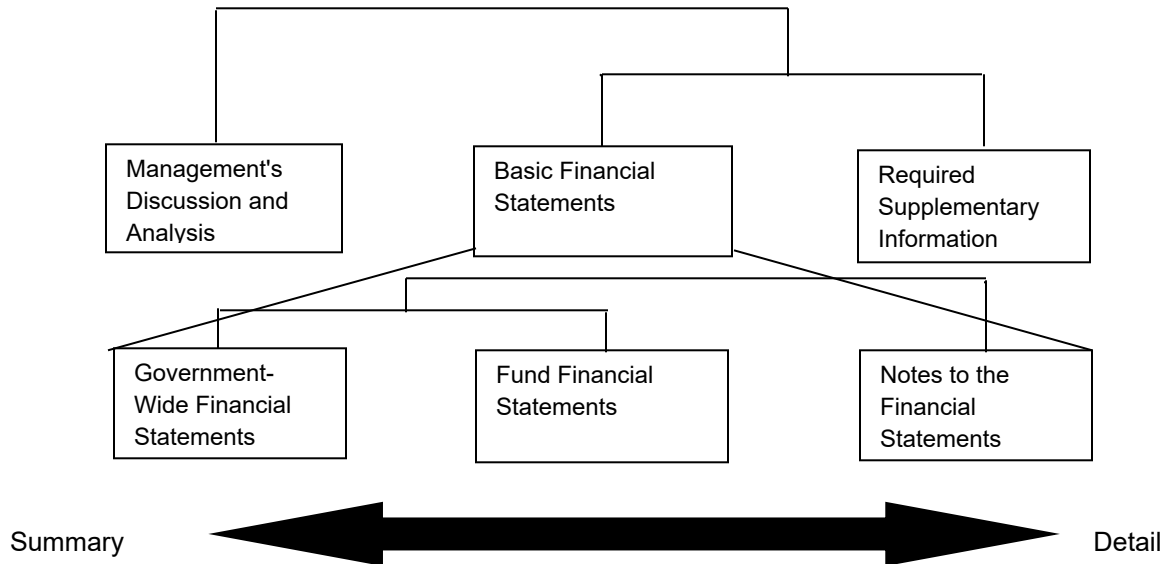


Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

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 is the trustee 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 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Net Position
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, deferred outflow, liability, deferred inflow information	All assets and liabilities both financial and capital and short and long term. All deferred inflows/outflows are also included	Only assets expected to be used up and liabilities and deferred inflows 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 the 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 the 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 like 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). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; pension expense, and interest on long-term debt. The County has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts 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 and 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 17 and 19, respectively.

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

The basic governmental financial statements can be found on pages 16 and 18 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 those funds' resources are not available to support the County's 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 separately in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, which can be found on pages 20 and 21 of the 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 22 through 43 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 and pension standards.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each major special revenue fund. This required supplementary information can be found on pages 45 through 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of a government's financial position. In the case of Tishomingo County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$59,680,177 as of September 30, 2020.

By far, the most considerable portion of the County's net position (92.89%) reflects its investment in capital assets (e.g., roads, bridges, land, buildings, mobile equipment, furniture and 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 acquisitions, 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 years ended September 30, 2020, and 2019:

<u>Governmental Activities</u>	2020	2019
Current assets	\$ 30,795,888	\$ 25,827,193
Capital assets, net	63,200,040	65,346,649
Total assets	93,995,928	91,173,842
Deferred Outflows of Resources:		
Deferred outflows related to pensions	927,237	606,407
Deferred amount on refunding	356,565	392,221
Total deferred outflows of resources	1,283,802	998,628
Current liabilities	1,793,838	1,115,368
Long-term debt outstanding	15,741,459	16,852,889
Net pension liability	10,298,515	9,329,375
Total liabilities	27,833,812	27,297,632
Deferred Inflows of Resources:		
Deferred inflows related to pensions	-	112,109
Deferred revenues – property taxes	5,272,115	5,094,197
Deferred revenues – capital lease receivables	2,493,626	1,745,878
Total deferred inflows of resources	7,765,741	6,952,184
Net position:		
Net investment in capital assets	55,435,561	57,298,742
Restricted	6,395,132	6,330,067
Unrestricted	(2,150,516)	(5,706,155)
Total net position	\$ 59,680,177	\$ 57,922,654

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

- Decrease in net capital assets of \$2,146,609.
- The principal retirement of \$1,405,419 of long-term debt.

Changes in Net Position – Tishomingo County's total revenues for the fiscal year ended September 30, 2020, was \$16,421,416. The total cost for all services provided was \$14,663,893, increasing the net position of \$1,757,523. The following table summarizes the changes in net position for the fiscal years ended September 30, 2020, and 2019.

Governmental Activities

Revenues:

	2020	2019
Program revenues		
Charges for services	\$ 1,473,098	\$ 1,495,569
Operating grants and contributions	1,824,554	1,530,288
Capital grants and contributions	1,480,212	1,272,963
General revenues		
Property taxes	6,309,578	6,122,998
Road and bridge privilege tax	260,272	270,950
Grants and contributions not restricted to specific programs	3,278,385	2,788,028
Other	1,795,317	1,939,421
Total Revenues	16,421,416	15,420,217

Expenses:

General government	\$ 3,991,813	\$ 4,017,066
Public safety	2,690,885	2,657,011
Public works	3,710,154	4,418,858
Health and welfare	175,981	175,210
Culture and recreation	94,050	94,050
Conservation of natural resources	64,000	64,553
Economic development and assistance	2,218,100	1,452,906
Interest on long-term debt	561,147	480,231
Pension expense	1,157,763	1,069,581
Total Expenses	14,663,893	14,429,466

Net Change	1,757,523	990,751
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Prior Period Adjustment	-	(36,000)
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Increase (Decrease) in Net Position	\$ 1,757,523	\$ 954,751
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Governmental Activities – The following table presents the cost of nine major functional activities of the County: General Government, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Conservation of Natural Resources, Economic Development and Assistance, Interest on Long-term Debt, and Pension 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 indicates the financial burden placed on Tishomingo County's taxpayers by each of these functions.

	2020	
	Total Costs	Net Costs
General government	\$ 3,991,813	\$ (2,814,385)
Public safety	2,690,885	(2,341,734)
Public works	3,710,154	(1,577,821)
Health and welfare	175,981	(175,981)
Culture and recreation	94,050	(94,050)
Conservation of natural resources	64,000	(64,000)
Economic development and assistance	2,218,100	(1,099,148)
Interest on long-term debt	561,147	(561,147)
Pension expense	1,157,763	(1,157,763)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental funds – At the close of the fiscal year, Tishomingo County's governmental funds reported a combined fund balance of \$8,887,737, an increase of \$975,879.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

For the year, Tishomingo County did not revise its annual operating budget until the end of the fiscal year. At the end of the fiscal year, Tishomingo County amended its budget to reflect actual revenues received and expenditures made. After the final adjustments, actual revenues and disbursements were equal to the final budget amounts.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and each major Special Revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2020, Tishomingo County's total capital assets were \$125,328,452. This includes land, construction in progress, buildings, improvements other than buildings, mobile equipment, furniture and equipment, roads, bridges, other infrastructure, and leased property under capital lease.

Total accumulated depreciation as of September 30, 2020, was \$62,128,412, including \$1,413,712 of depreciation expense for the year. The balance in total net capital assets was \$63,200,040 at year-end. This amount represents a decrease from the previous year of \$2,146,609.

Additional information on Tishomingo County's capital assets can be found in note 6 on page 31 of this report.

Debt Administration – At September 30, 2020, Tishomingo County had \$15,741,459 in long-term debt outstanding. This includes other loans, obligations under capital lease, and bond payable. Of this debt, \$1,503,540 is due within one year.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of the total assessed value. The County's outstanding debt is significantly below its current limit of 26 million dollars.

Below is a table showing the activity on long-term debt for this fiscal year. This table breaks down the debt by type of issue.

Long-Term Debt Analysis

	<u>Balance 10/1/2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 9/30/2020</u>	<u>Due within One Year</u>
Other loans	\$ 12,827,253	122,917	1,080,252	11,869,918	1,139,923
Capital leases	60,636	171,072	35,167	196,541	68,617
Bonds payable	<u>3,965,000</u>	<u>-</u>	<u>290,000</u>	<u>3,675,000</u>	<u>295,000</u>
Total	\$ <u>16,852,889</u>	<u>293,989</u>	<u>1,405,419</u>	<u>15,741,459</u>	<u>1,503,540</u>

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 the Tishomingo County Chancery Clerk's Office at 1008 Battleground Drive, Iuka, Mississippi 38852.

FINANCIAL STATEMENTS

TISHOMINGO COUNTY
Statement of Net Position
September 30, 2020

	Governmental Activities
ASSETS	
Cash	\$ 9,531,636
Property tax receivable	5,272,115
Fines receivable (net of allowance for uncollectibles of \$527,210)	341,086
Loans receivable	23,662
Capital leases receivable	14,599,588
Intergovernmental receivables	962,591
Deferred charges - bond issue costs	
Other receivables	65,210
Capital assets:	
Land and construction in progress	14,723,140
Other capital assets, net	48,476,900
Total Assets	<u>93,995,928</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	927,237
Deferred amount on refunding	356,565
Total Deferred Outflows of Resources	<u>1,283,802</u>
LIABILITIES	
Claims payable	1,088,093
Accrued liabilities	180,299
Intergovernmental payables	331,378
Accrued interest payable	98,476
Amounts held in custody for others	95,592
Long-term liabilities	
Net pension liability	10,298,515
Due within one year:	
Capital debt	692,372
Non-capital debt	811,168
Due in more than one year:	
Capital debt	7,428,672
Non-capital debt	6,809,247
Total Liabilities	<u>27,833,812</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues - property taxes	5,272,115
Deferred revenues - capital lease receivables	2,493,626
Total Deferred Inflows of Resources	<u>7,765,741</u>
NET POSITION	
Net investment in capital assets	55,435,561
Restricted for:	
Expendable:	
General government	69,862
Public safety	593,909
Public works	1,940,055
Health and welfare	13,278
Economic development	2,949,869
Debt service	804,497
Nonexpendable	23,662
Unrestricted	(2,150,516)
Total Net Position	<u>\$ 59,680,177</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and
		Charges for	Operating	Capital	Changes in Net Position
		Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
Primary government:					
Governmental activities:					
General government	\$ 3,991,813	1,070,827	99,534	7,067	(2,814,385)
Public safety	2,690,885	267,994	81,157	-	(2,341,734)
Public works	3,710,154	134,271	1,604,253	393,809	(1,577,821)
Health and welfare	175,981	-	-	-	(175,981)
Culture and recreation	94,050	-	-	-	(94,050)
Conservation of natural resources	64,000	-	-	-	(64,000)
Economic development and assistance	2,218,100	6	39,610	1,079,336	(1,099,148)
Interest on long-term debt	561,147	-	-	-	(561,147)
Pension expense	1,157,763	-	-	-	(1,157,763)
Total Governmental Activities	\$ 14,663,893	1,473,098	1,824,554	1,480,212	(9,886,029)
General revenues					
Property taxes				\$	6,309,578
Road and bridge privilege taxes					260,272
Grants and contributions not restricted to specific programs					3,278,385
Unrestricted interest income					521,569
Miscellaneous					1,273,748
Total General Revenues					11,643,552
Changes in Net Position					1,757,523
Net Position - Beginning					57,922,654
Net Position - Ending				\$	59,680,177

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

TISHOMINGO COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

	Major Funds					
	General Fund	Contract Fabricators, Inc. Fund	Economic Development Fund	MS Silicon Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 2,796,468	4,179	635,949	241,212	5,853,828	9,531,636
Property tax receivable	3,119,122	-	-	29,857	2,123,136	5,272,115
Fines receivable (net of allowance for uncollectibles of \$527,210)	341,086	-	-	-	-	341,086
Loans receivable	-	-	-	-	23,662	23,662
Capital leases receivable	-	3,044,330	3,731,527	4,036,342	3,787,389	14,599,588
Intergovernmental receivables	483,184	-	-	-	479,407	962,591
Other receivables	28,790	-	-	-	36,420	65,210
Due from other funds	-	-	-	-	36,700	36,700
Advances to other funds	83	-	228,562	-	87,190	315,835
Total Assets	<u>\$ 6,768,733</u>	<u>3,048,509</u>	<u>4,596,038</u>	<u>4,307,411</u>	<u>12,427,732</u>	<u>31,148,423</u>
LIABILITIES						
Liabilities:						
Claims payable	\$ 373,066	-	-	-	715,027	1,088,093
Accrued liabilities	123,299	-	-	-	57,000	180,299
Intergovernmental payables	319,019	-	-	-	12,359	331,378
Due to other funds	36,700	-	-	-	-	36,700
Advances from other funds	8,940	-	1,215	-	305,680	315,835
Amounts held in custody of others	95,592	-	-	-	-	95,592
Total Liabilities	<u>956,616</u>	<u>-</u>	<u>1,215</u>	<u>-</u>	<u>1,090,066</u>	<u>2,047,897</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	3,119,122	-	-	29,857	2,123,136	5,272,115
Unavailable revenue - fines	341,086	-	-	-	-	341,086
Unavailable revenue - capital lease receivables	-	3,044,330	3,731,527	4,036,342	3,787,389	14,599,588
Total Deferred Inflows of Resources	<u>3,460,208</u>	<u>3,044,330</u>	<u>3,731,527</u>	<u>4,066,199</u>	<u>5,910,525</u>	<u>20,212,789</u>
Fund balances:						
Nonspendable:						
Loans receivable	-	-	-	-	23,662	23,662
Restricted for:						
General government	19,168	-	-	-	50,694	69,862
Public safety	5,987	-	-	-	587,922	593,909
Public works	-	-	-	-	1,916,634	1,916,634
Health and welfare	-	-	-	-	13,278	13,278
Economic development and assistance	-	4,179	863,296	241,212	1,841,182	2,949,869
Debt service	-	-	-	-	902,973	902,973
Assigned to:						
Public works	-	-	-	-	23,421	23,421
Unassigned	2,326,754	-	-	-	67,375	2,394,129
Total Fund Balances	<u>2,351,909</u>	<u>4,179</u>	<u>863,296</u>	<u>241,212</u>	<u>5,427,141</u>	<u>8,887,737</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,768,733</u>	<u>3,048,509</u>	<u>4,596,038</u>	<u>4,307,411</u>	<u>12,427,732</u>	<u>31,148,423</u>

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

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,887,737
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 \$62,128,412	63,200,040
Fines receivables that have accrued at year end but are not available to liquidate liabilities of the current period are not reported in the funds.	341,086
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(15,741,459)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,298,515)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(98,476)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	12,105,962
Deferred amount on refunding	356,565
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	927,237
Total Net Position - Governmental Activities	<u>\$ 59,680,177</u>

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

	Major Funds				Other	Total
	General	Contract	Economic	MS	Governmental	Governmental
	Fund	Fabricators, Inc.	Development	Silicon	Funds	Funds
		Fund	Fund	Fund		
REVENUES						
Property taxes	\$ 3,330,999	-	-	324,417	2,654,162	6,309,578
Road and bridge privilege taxes	-	-	-	-	260,272	260,272
Licenses, commissions, and other revenue	328,380	-	-	-	29,048	357,428
Fines and forfeitures	356,888	-	-	-	-	356,888
Intergovernmental revenues	3,226,044	-	-	-	3,357,107	6,583,151
Charges for services	410,136	-	-	-	338,573	748,709
Interest income	195,323	80,653	7,055	76,167	162,371	521,569
Miscellaneous revenues	126,940	-	8,340	-	1,138,468	1,273,748
Total Revenues	7,974,710	80,653	15,395	400,584	7,940,001	16,411,343
EXPENDITURES						
Current:						
General government	3,933,344	-	-	-	-	3,933,344
Public safety	2,354,997	-	-	-	501,540	2,856,537
Public works	-	-	-	-	4,681,606	4,681,606
Health and welfare	166,250	-	-	-	3,602	169,852
Culture and recreation	94,050	-	-	-	-	94,050
Conservation of natural resources	64,000	-	-	-	-	64,000
Economic development and assistance	208,285	-	-	-	2,251,227	2,459,512
Debt service:						
Principal	59,577	186,049	-	335,418	824,375	1,405,419
Interest	2,799	80,158	-	68,216	345,986	497,159
Total Expenditures	6,883,302	266,207	-	403,634	8,608,336	16,161,479
Excess of Revenues over (under) Expenditures	1,091,408	(185,554)	15,395	(3,050)	(668,335)	249,864
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued	-	-	-	-	293,989	293,989
Transfers in	27,460	-	2,974	-	985,788	1,016,222
Transfers out	(146,529)	-	-	-	(869,693)	(1,016,222)
Lease principal payments	-	186,049	9,633	-	236,344	432,026
Total Other Financing Sources and Uses	(119,069)	186,049	12,607	-	646,428	726,015
Net Changes in Fund Balances	972,339	495	28,002	(3,050)	(21,907)	975,879
Fund Balances - Beginning	1,379,570	3,684	835,294	244,262	5,449,048	7,911,858
Fund Balances - Ending	\$ 2,351,909	4,179	863,296	241,212	5,427,141	8,887,737

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

TISHOMINGO 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

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 975,879
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government Funds report capital outlays as expenditures. However in the Statement of 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 \$2,613,829 exceeded depreciation of \$1,413,712 in the current period.	1,200,117
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 (\$507,759), and proceeds from the sale of (\$0) in the current period and the principal portion of (\$2,838,967) for the new capital lease receivable.	(3,346,726)
In the Statement of Activities, capital leases are reported differently from the governmental funds. The revenue from the principal portion of the new capital lease receivable is deferred under the modified accrual basis, but is recognized under the full-accrual basis of accounting.	2,838,967
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.	10,073
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$293,989 was exceeded by debt repayments of \$1,405,419.	1,111,430
Amortization of deferred outflows of loss on early retirement of bonds reported on Statement of Activities.	(35,656)
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 the following item:	
Accrued interest payable	(28,333)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(432,026)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,157,763)
Recording of contributions made for the current fiscal year	621,562
Rounding	(1)
Change in Net Position of Governmental Activities	\$ <u><u>1,757,523</u></u>

TISHOMINGO COUNTY
Statement of Fiduciary Net Position
September 30, 2020

	<u>Private-purpose Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 2,500,000	133,501
Total Assets	\$ 2,500,000	133,501
LIABILITIES		
Amounts held in custody for others	\$ -	1,911
Intergovernmental payables	-	131,590
Total Liabilities	\$ -	133,501
NET POSITION		
Held in trust for:		
Individuals, organizations, and other governments	\$ 2,500,000	

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

TISHOMINGO COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2020

	<u>Private-purpose Trust Fund</u>
ADDITIONS	
Investment income:	
Interest and dividends	\$ 25,003
Total Additions	<u>25,003</u>
DEDUCTIONS	
Payments in accordance with trust agreements	<u>25,003</u>
Total Deductions	<u>25,003</u>
Changes in Net Position	-
Net Position - Beginning	<u>2,500,000</u>
Net Position - Ending	<u>\$ 2,500,000</u>

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

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Tishomingo County Economic Development Foundation
- Tishomingo County Economic Authority

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

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

which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

Contract Fabricators, Inc. Fund - This fund is used to account for capital lease and debt payments used for economic development.

Economic Development Fund – This fund is used to account for monies from specific resources used for economic development.

MS Silicon Fund – This fund is used to account for monies used in construction to be used for economic development.

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.

TISHOMINGO 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 TYPES

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

Private-purpose Trust Funds – These funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased

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

capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets 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
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

I. Deferred Outflows/Inflows of Resources

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

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

Deferred revenues – property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange

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

revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

Deferred revenues – capital lease receivables/unavailable revenue – capital lease receivables – When a capital lease receivable 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.

J. Long-term Liabilities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

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. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee benefits and maintained adequate records for determining the amount of the liability. Therefore, no liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

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.

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

N. Property Tax Revenues:

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

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

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

O. Intergovernmental Revenues in Governmental Funds.

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

P. Changes in Accounting Standards

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

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$12,165,137, and the bank balance was \$11,685,142. 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).

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

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

(3) Inter-fund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 36,700
Total		\$ 36,700

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

B. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 83
Economic Development Fund	General Fund	8,940
Economic Development Fund	Other Governmental Funds	219,622
Other Governmental Funds	Economic Development Fund	1,215
Other Governmental Funds	Other Governmental Funds	85,975
Total		\$ 315,835

The advances represent amounts owed for unexpected repairs and operating cash in funds in which money has not been received.

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 27,460
Economic Development Fund	Other Governmental Funds	2,974
Other Governmental Funds	General Fund	146,529
Other Governmental Funds	Other Governmental Funds	839,259
Total		\$ 1,016,222

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.

TISHOMINGO 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:

Governmental Activities:

Description	Amount
Reimbursement for housing prisoners	\$ 28,660
Legislative tax credit	95,624
State motor vehicle license privilege tax	16,828
Gas tax	39,457
Economic Development	118,912
Hago Automotive	5,750
Solid waste disposal fees	9,588
Youth court	988
Timber severance	1,096
Harvest permits	9,249
EMA	20,566
Tombigbee Reimbursement	4,254
CARES Grant	303,596
Tri-State ARC Monies	228,932
Burnsville Siren	24,715
Other	54,376
Total Governmental Activities	\$ 962,591

(5) Loans Receivable.

Loans receivable balance at September 30, 2020, is as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
Town of Tishomingo	12/28/07	1.00%	12/31/24	\$ 23,662
Total				\$ 23,662

The future minimum loan receivables and the present value of the net minimum loan receivables as of September 30, 2020, are as follows:

Year Ending September 30:	Principal	Interest
2021	\$ 5,589	\$ 211
2022	5,645	155
2023	5,702	98
2024	5,759	41
2025	967	-
Total	\$ 23,662	\$ 505

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

(6) Capital Assets.

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

Governmental Activities:	Balance 10/01/19	Additions	Deletions	Adjustments	Balance 9/30/20
<u>Non-depreciable capital assets:</u>					
Land	\$ 12,316,092	-	-	-	12,316,092
Construction in progress	3,793,884	2,118,009	3,341,467	(163,378)	2,407,048
Total non-depreciable capital assets	16,109,976	2,118,009	3,341,467	(163,378)	14,723,140
<u>Depreciable capital assets:</u>					
Infrastructure	62,163,855	-	-	-	62,163,855
Buildings	33,325,957	-	-	-	33,325,957
Improvements other than buildings	5,079,202	-	-	163,378	5,242,580
Mobile equipment	7,791,645	268,598	52,598	-	8,007,645
Furniture and equipment	1,460,946	6,150	-	-	1,467,096
Leased property under capital leases	177,107	221,072	-	-	398,179
Total depreciable capital assets	109,998,712	495,820	52,598	163,378	110,605,312
<u>Less accumulated depreciation for:</u>					
Infrastructure	41,615,386	152,587	-	-	41,767,973
Buildings	9,794,115	652,588	-	-	10,446,703
Improvements other than buildings	1,675,667	209,724	-	-	1,885,391
Mobile equipment	6,172,130	323,277	47,339	-	6,448,068
Furniture and equipment	1,377,361	27,114	-	-	1,404,475
Leased property under capital leases	127,380	48,422	-	-	175,802
Total accumulated depreciation	60,762,039	1,413,712	47,339	-	62,128,412
Total depreciable capital assets, net	49,236,673	(917,892)	5,259	163,378	48,476,900
Governmental activities capital assets, net	\$ 65,346,649	1,200,117	3,346,726	-	63,200,040

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 307,281
Public safety	109,865
Public works	599,293
Health and welfare	6,130
Economic development and assistance	391,143
Total Governmental Activities Depreciation Expense	\$ 1,413,712

The fixed asset adjustments were to reclassify assets from construction in progress to Improvements other than buildings for the completed luka Airport projects AIP 3-28-0036-0014-2019.

TISHOMINGO 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
ATK Project	\$ 8,053,378	January 2021
LSBP 71(16) Bridge #70	33,143	March 2021
Tri-State Sewer Project	170,534	November 2021
LSBP 71(17) Bridge #62	30,991	December 2021

(7) Claims and Judgments.

Risk Financing.

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

(8) Operating Leases.

As Lessor:

On April 1, 2016, Tishomingo County entered into a non-cancellable operating lease agreement with General Atomics Corporation for the lease of property/premises located at Tri-State Commerce Park owned by the County for the purpose of conducting the business activities of General Atomics Corporation. The operating lease stipulated that the lessee would pay approximately \$7,125 per month in lease payments commencing on April 1, 2016 for a term of 5 years. At the end of the lease term, General Atomics Corporation has the option to renew for 2 additional terms of 5 years at a rate of \$7,125 per month.

On November 1, 2005, Tishomingo County entered into a non-cancellable five year operating lease agreement with Waterway, Inc. for the lease of Buildings #1010, 1012 and 1045 located at the Tri-State Commerce Park, MS owned by the County for the purpose of conducting business of Waterway, Inc., exclusively. This lease was amended on October 1, 2012 to stipulate that lessee would pay \$7,612 per month for remainder of renewal term. At the end of the lease term, Waterway, Inc. has the option to renew for an additional term of 5 years. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per building per year or provide proof of casualty insurance.

On August 15, 2011, Tishomingo County entered into a non-cancellable operating lease agreement with Ershigs, Inc. for the lease Building #1026, #1032, and #3011 located at the Tri-State Commerce Park, MS owned by the County for the purpose of conducting business of Ershigs, Inc., exclusively. The operating lease stipulated that building #3011 will be leased for a term of 25 years commencing September 1, 2011, and the remaining buildings will be leased for a term of 20 years commencing on the same date. Lessee will pay \$525 per month in consideration of lease of buildings #1026, #3011 and #1032. In addition the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per building per year.

On September 1, 1998, Tishomingo County entered into a non-cancellable operating lease agreement with Alliant Techsystems, Inc., for the lease of a portion of Building #1000 known as MIC room, owned

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

by the County for the purpose of manufacturing and directly related activities. The operating lease stipulated the lessee would pay a lump sum of \$10,000 due on April 15, 2011, plus \$1.50 per square foot (28,790 sq. ft. total) to be paid in equal quarterly installments for the five year extension of April 2011 through March 2016. The next option to extend the term of the lease begins on April 15, 2016, and stipulates a lump sum of \$10,000 plus \$2.25 per square foot to be paid in equal quarterly installments.

On March 25, 1999, Tishomingo County entered into a non-cancellable operating lease agreement with Alliant Techsystems, Inc., for the lease of Building #1016 located at The Tri-State Commerce Park in Tishomingo County. The operating lease stipulated the building would be rent free for the first 24 months of the term. Then, the lessee will pay \$1.70 per square foot on 110,000 square foot building on a quarterly basis for the next 5 years. An amendment dated August 3, 1999, stipulated Alliant Techsystems, Inc., will occupy an additional 52,000 square feet of Building #1016, and will reduce the rate to \$1.25 per square foot on a total space of 317,000 square feet through December 2007. Then, the rate will increase to \$1.50 per square foot and remain at that rate for the remainder of the lease.

On December 1, 2010, Tishomingo County entered into a ten-year non-cancellable operating lease agreement with KX Technologies LLC, for the lease of property/premises located at 36 Wildrose Drive, Iuka, MS more commonly known as the "Wildrose Building", owned by the County for the purpose of conducting business activities of drinking water products production and shipping, ancillary office use, or any other lawful purpose. The operating lease stipulated that the rent would be abated for the entire term of the lease provided the lessee makes all necessary repairs and performs all maintenance obligations on the building. The lessee also agrees to hire 45 on site employees by the commencement date of the lease, December 1, 2010. If the lessee does not meet the provisions of the abatement, the lessor has the option to terminate the lease agreement or enforce the rent of \$60,000 per year for the term of the lease, 10 years. In addition, the lessee agrees to reimburse the lessor for insurance at a rate of \$3,000 per year.

On October 22, 1963, Tishomingo County entered into an operating lease agreement with Consolidated Aluminum Corporation also known as "International Converter" for the lease of a building and land located in Tishomingo County as described in the lease agreement. The operating lease stipulated that the lessee would pay rent of \$1,885 per year. After the 20-year primary term, the lessee has the option to renew the lease for 70 consecutive renewal terms of one year and a final renewal term of nine years.

On May 9, 2013, Tishomingo County executed an addendum to the operating lease agreement with Consolidated Aluminum Corporation (International Converter LLC) for the lease of an addition to the existing building to be constructed by Tishomingo County. The operating lease stipulated that the lessee would pay rent of \$12,223 per month commencing January 1, 2013 for a period of 15 years.

On November 1, 2014, Tishomingo County entered into a non-cancellable operating lease agreement with Silver Dollar Sales for the lease of the premises and/or property known as "The Old Falcon Building" at 338 Highway 72, Burnsville, MS 38833 owned by the County for the purpose of conducting business of Furniture Fabrics & More, LLC, exclusively. The operating lease stipulated that the lessee would pay approximately \$1,337.44 per month in lease payments commencing July 1, 2008 for a term of 5 years. At the end of the lease term, Furniture Fabrics & More, LLC has the option to renew for an additional 5 years. In addition, the lessee agreed to reimburse the lessor for casualty insurance at a rate of \$3,000 per year. Since the beginning of the lease, the Lessee has been making additional payments. As of 2/11/2019, the overpayments will be credited to the account for any payments due 3/1/2019 to 1/1/2021.

On May 1, 2020, Tishomingo County entered into a non-cancellable operating lease agreement with Yellow Creek Restoration for the lease of 15 acres and a cooling tower at Tri-State Commerce Park owned by the County for the purpose of making advancements in the nuclear medical field. The operating lease stipulated that the lease would pay approximately \$2,500.00 a year in lease payments commencing 5/1/2020 for a term of 5 years. At the end of the lease term, Yellow Creek Restoration has the right to renegotiate the lease.

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On May 1, 2016, Tishomingo County entered into a non-cancellable operating lease agreement with Vanleigh RV for the lease of 338 Hwy 72 Burnsville, also known as the Old Gold Mine, owned by the County for the purpose of building cabinets for installation in third wheel recreational vehicles. The operating lease stipulated that the lease would be free for the first 36 months of the lease. The lease would then pay \$750.00 per month in lease payments commencing at the end of the 36-month abatement and \$250.00 per month for insurance for a term of 6 years. At the end of the lease term, Vanleigh has the right to renegotiate the lease.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$1,005,105 for the year ended September 30, 2020. The future minimum lease receivables for these leases are as follows:

Year Ending September 30:	Amount
2021	\$ 867,146
2022	316,507
2023	265,414
2024	265,414
2025	265,414
2026-2030	421,600
2031-2035	15,200
2036-2040	9,425
2041-2045	9,425
2046-2050	9,425
2051-2055	9,425
2056-2058	5,655
 Total Minimum Payments Required	 \$ <u>2,460,050</u>

(9) Capital Leases.

As Lessor:

On April 1, 2012, Tishomingo County entered into a capital lease agreement with Contract Fabricators, Inc. for the lease of a facility to conduct the business activities of Contract Fabricators, Inc. The capital lease stipulated that the lessee would pay \$22,225 commencing on April 1, 2012 for a term of twenty years. At the end of the lease term, the facility will be transferred to Contract Fabricators, Inc. upon completion of the underlying debt.

On December 15, 2012, Tishomingo County entered into a capital lease agreement with Comfort Revolution LLC for the lease of the building also known as the "Schnadig Building" to be for the purpose of conducting the business activities of Comfort Revolution. The capital lease stipulated that the lessee would be rent free for the first 3 years and then pay approximately \$7,255 commencing January 1, 2016 for a term of twenty years. At the end of the lease term, Comfort Revolution LLC has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On November 20, 2014, Tishomingo County entered into a capital lease agreement with Vanleigh RV for the lease of the building formerly known as the "New River Homes Building" to be for the purpose of conducting the business activities of Vanleigh RV. The capital lease stipulated that the lessee would be rent free for the first 5 years and then pay approximately \$3,000 commencing January 1, 2019 for a term of twenty years. At the end of the lease term, Vanleigh RV has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On October 10, 2014, Tishomingo County entered into a capital lease agreement with Villa International for the lease of the building located on Falcon Drive to be for the purpose of conducting the business activities of Villa International. The capital lease stipulated that the lessee would be rent free for the first 3 years and then pay approximately \$1,338 commencing December 1, 2017 for a term of twenty

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

years. At the end of the lease term, Villa International has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On February 1, 2016, Tishomingo County entered into a capital lease agreement with Bear Corrections, LLC for the lease of the old "Falcon Building" located on Falcon Drive to be for the purpose of conducting the business activities of Bear Corrections, LLC. The capital lease stipulated that they would pay approximately \$755 commencing December 1, 2017 for a term of five years. At the end of the lease term, Bear Corrections, LLC has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On September 25, 2015, Tishomingo County entered into a capital lease agreement with Hago Automotive Corp for the lease of the building located at Yellow Creek Port, 11 CR 481, Iuka, to be for the purpose of conducting the business activities of Hago Automotive Corp. The capital lease stipulated they be entitled to a credit against the rent amounts first following due hereunder in the amount of \$20,500. Accordingly, as a result of such credit, no rent shall be due for the month of February, 2016 and only \$8,000 shall be due for the month of March, 2016. Hago Automotive will pay approximately \$14,250 commencing April 1, 2016 for a term of ten years and five months. At the end of the lease term, Hago Automotive Corp has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On April 15, 2016, Tishomingo County entered into a capital lease agreement with MS Silicon for the lease of the building located at 80 CR 210, Burnsville, MS, to be for the purpose of conducting the business activities of MS Silicon. The capital lease stipulated they will pay approximately \$403,634 commencing April 15, 2017 for a term of ten years. At the end of the lease term, MS has the option to purchase the facility for \$10, assuming the entire indebtedness is paid in full.

On June 1, 2020, Tishomingo County entered into a capital lease agreement with Hago Automotive Corp for the lease of the building located at Yellow Creek Port to be for the purpose of conducting the business activities of Hago Automotive Corp. The capital lease stipulated that the lessee would pay approximately \$15,745 for a term of 20 years. At the end of the lease term, Hago Automotive Corp has the option to renew their lease.

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

Classes of Property	Amount
Land	\$ 631,631
Industrial facilities	21,747,900
Total	<u>\$ 22,379,531</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2020, are as follows:

Year Ending September 30:	Principal	Interest
2021	\$ 848,871	\$ 337,188
2022	866,289	311,176
2023	890,089	287,375
2024	914,556	262,909
2025	939,771	237,694
2026-2030	5,097,800	785,047
2031-2035	1,713,110	210,267
2036-2040	835,476	61,970
Total	<u>\$ 12,105,962</u>	<u>\$ 2,493,626</u>

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

As Lessee:

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

Classes of Property	Amount
Mobile Equipment	\$ 398,179
Less: Accumulated Depreciation	(175,802)
Leased Property Under Capital Leases	<u>\$ 222,377</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	\$ 68,617	\$ 4,882
2022	70,579	2,920
2023	55,213	984
2024	2,132	-
Total	<u>\$ 196,541</u>	<u>\$ 8,786</u>

(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
Governmental Activities:			
A. General Obligation Bonds:			
Jail Project Series 2015 Refunding Bond	\$ 3,675,000	3.25%	12-2030
Total General Obligation Bonds	<u>\$ 3,675,000</u>		
B. Capital Leases:			
John Deere Excavator	\$ 41,126	0.00%	07-2024
John Deere Backhoe	52,715	3.95%	09-2023
CAT Excavator	102,700	3.29%	04-2023
Total Capital Leases	<u>\$ 196,541</u>		
C. Other Loans:			
MDA CAP loan – Carters Branch VFD	\$ 10,600	3.00%	06-2023
MDA CAP loan – International Converter	893,324	3.00%	12-2027
MDA CAP loan – Contract Fabricators	2,578,868	3.00%	03-2032
MDA CAP loan – Harmony Central VFD	22,590	3.00%	12-2022
TVA loan – Hago Automotive	475,880	3.00%	07-2023
MDA CAP loan – Comfort Revolution	746,719	3.00%	12-2032
MDA CAP loan – MS Silicon	2,209,946	2.68%	04-2027
MDA CAP Loan – Hago Automotive	1,304,122	3.00%	12-2030

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
MDA CAP Loan – Villa International	\$ 386,072	3.00%	08-2034
MDA CAP Loan – Hago Automotive	2,812,960	3.00%	04-2038
NEMPDD	107,177	2.00%	06-2022
2015 International Dump Truck	16,780	3.12%	01-2022
Road Three Capital	150,648	2.87%	05-2023
Road Four Capital	154,232	2.87%	05-2023
Total Other Loans	\$ 11,869,918		

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

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 295,000	96,725	\$ 1,139,923	333,234
2022	305,000	90,725	1,152,674	301,071
2023	310,000	83,800	1,110,510	268,998
2024	320,000	75,925	1,036,837	236,936
2025	320,000	67,925	1,076,605	206,973
2026-2030	1,745,000	196,938	3,720,144	638,691
2031-2035	380,000	6,175	1,780,021	234,353
2036-2038	-	-	853,204	62,093
Total	\$ 3,675,000	618,213	\$ 11,869,918	2,282,349

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 2.13% of the latest property assessments.

Advance Refunding - On July 30, 2015, the County issued \$3,980,000 in general obligation refunding bonds with an average interest rate of 1.00-3.25% to advance refund \$3,350,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
Jail Project Series 2010 G.O.	4.35-5.25%	\$ 3,350,000

The Jail Project Series 2010 G.O. had an outstanding balance of \$4,635,000 at the time of refunding, but only \$3,350,000 of the bond was refunded, leaving a remaining principal balance of \$1,285,000, of which \$200,000 was redeemed during fiscal year 2015, \$205,000 redeemed during fiscal year 2016, \$210,000 was redeemed during fiscal year 2017, \$225,000 was redeemed during fiscal year 2018, \$225,000 was redeemed during fiscal year 2019, and \$230,000 was redeemed during fiscal year 2020.

The net proceeds of \$3,884,847 (after payment of \$95,153 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 5 years by almost \$125,000; however, the advance refunding resulted in an economic loss of \$92,269.

TISHOMINGO COUNTY
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For the Year Ended September 30, 2020

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2020, \$3,350,000 of bonds outstanding were considered defeased.

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

(11) Defined Benefit Pension Plan.

		Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:						
General obligation bonds	\$	3,965,000	-	290,000	3,675,000	295,000
Capital leases		60,636	171,072	35,167	196,541	68,617
Other loans		12,827,253	122,917	1,080,252	11,869,918	1,139,923
Total	\$	<u>16,852,889</u>	<u>293,989</u>	<u>1,405,419</u>	<u>15,741,459</u>	<u>1,503,540</u>

General Information about the Pension Plan

Plan Description. Tishomingo 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.

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

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 \$621,562, \$571,062 and \$492,371, respectively, equal to the required contributions for each year.

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

At September 30, 2020, the County reported a liability of \$10,298,515 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 .053198 percent, which was based on a measurement date of June 30, 2020. This was an increase of .000166 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$1,157,763. At September 30, 2020, the County reported deferred outflows of resources of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 89,392
Net difference between projected and actual earnings on pension plan investments	57,610
Changes of assumptions	423,023
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	207,712
County contributions subsequent to the measurement date	149,500
Total	\$ 927,237

\$149,500 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 of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2021	\$ 182,606
2022	254,242
2023	204,577
2024	136,312
Total	\$ 777,737

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 13,330,162	10,298,515	7,796,188

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

(12) Deficit Fund Balances of Individual Funds.

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

Fund	Deficit Amount
1 st District Volunteer Fire Fund	\$ 12,933
3 rd District Industrial Fund	11,151
Jail Project Fund	2,782

(13) 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.

Maintenance Agreement – The County entered into a long-term maintenance agreement with the City of Burnsville for \$7,500 annually to maintain the boat ramp in Burnsville.

(14) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$2,150,516) 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 \$149,500 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 \$777,737 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

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

The governmental activities' net investment in capital assets amount of \$55,435,561 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$356,565 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next twelve years.

The governmental activities' unrestricted net position amount of (\$2,150,516) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$2,493,626 balance of deferred inflows of resources at September 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next sixteen years.

(15) Related Organizations.

The Tishomingo County Board of Supervisors is responsible for appointing a voting majority of the members of the Tishomingo County Sewer District but the County's accountability for this organization does not extend beyond making the appointments to this organization.

(16) Joint Ventures.

The County participates in the following joint ventures:

Tishomingo County is a participant in the Northeast Regional Library, a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972). The library was organized under a contract between the counties of Alcorn, Prentiss, Tippah and Tishomingo. Tishomingo County appoints one of the four-member board. By contractual agreement, the County's appropriation this year to the joint venture amounted to \$94,050. Complete financial statements for the Northeast Regional Library can be obtained from the Northeast Regional Library, 1023 Fillmore Street, Corinth, MS 38834.

(17) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Northeast Mississippi Regional Solid Waste Authority was organized to provide solid waste disposal services to the counties of Benton, Prentiss, Tippah, and Tishomingo, and the cities of Ashland, Booneville and Ripley. Each of the 7 members has one vote with a guarantee that the member of the Board of Supervisors whose district contains the landfill is a permanent member of the Authority. User Governments will be billed on the volume of solid waste from each government.

The Regional IV Mental Health-Mental Retardation Commission is composed of the counties of Alcorn, Prentiss, Tippah, and Tishomingo. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The County appropriated \$34,200 for fiscal year 2020.

Northeast Mississippi Planning and Development District operates in a district composed of the counties of Alcorn, Benton, Marshall, Prentiss, Tippah, and Tishomingo. The governing body is a 24-member board of directors with four appointed by the Board of Supervisors of each member county. The County appropriated \$21,990 for fiscal year 2020.

Northeast Mississippi Community College operates in a district composed of the counties of Alcorn, Prentiss, Tippah, Tishomingo, and Union. The Tishomingo County Board of Supervisors appoints two of the 15 members of the college board of trustees. The County appropriated \$513,668 for maintenance and support of the college in fiscal year 2020.

Northeast Mississippi Community Action Agency operates in a district composed of the counties of Alcorn, Benton, Marshall, Tishomingo, and Prentiss. The board of directors is comprised of 21 total board members. Tishomingo County appoints 5 board members. The County appropriated \$71,820 for support of the agency in fiscal year 2020.

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

(18) Tax Abatements.

As of September 30, 2020, Tishomingo County provides tax exempt status to thirteen manufacturing companies subject to the requirements of GASB Statement No.77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college taxes levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2020 totaled \$988,783.

(19) 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 Tishomingo County evaluated the activity of the County through December 28, 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 the financial statements. No adjustments were considered necessary to the financial statements.

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

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
03/31/22	2.91%	\$ 6,000,000	G.O. Bonds	Tax Levy
09/01/22	3.00%	3,000,000	CAP Loan	Lease Payments
09/08/22	5.80%	79,506	Lease Purchase	Tax Levy

***REQUIRED
SUPPLEMENTARY
INFORMATION***

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,345,888	2,475,866	2,475,866	-
Road and bridge privilege taxes	2,872	-	-	-
Licenses, commissions and other revenue	265,322	306,411	306,411	-
Fines and forfeitures	350,092	390,439	390,439	-
Intergovernmental revenues	3,116,345	3,356,189	3,356,189	-
Charges for services	20,160	30,113	30,113	-
Interest income	145,293	215,836	215,836	-
Miscellaneous revenues	6,000	7,577	7,577	-
Total Revenues	<u>7,251,972</u>	<u>6,782,431</u>	<u>6,782,431</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	4,089,862	3,963,324	3,963,324	-
Public safety	2,246,540	2,270,046	2,270,046	-
Health and welfare	179,698	165,924	165,924	-
Culture and recreation	94,050	94,050	94,050	-
Conservation of natural resources	67,809	61,888	61,888	-
Economic development and assistance	208,285	208,285	208,285	-
Total Expenditures	<u>6,886,244</u>	<u>6,763,517</u>	<u>6,763,517</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>365,728</u>	<u>18,914</u>	<u>18,914</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	84,000	2,797	2,797	-
Transfers out	-	(25,260)	(25,260)	-
Total Other Financing Sources and Uses	<u>84,000</u>	<u>(22,463)</u>	<u>(22,463)</u>	<u>-</u>
Net Change in Fund Balance	449,728	(3,549)	(3,549)	-
Fund Balance - Beginning	<u>2,458,692</u>	<u>3,284,129</u>	<u>3,284,129</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,908,420</u>	<u>3,280,580</u>	<u>3,280,580</u>	<u>-</u>

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

TISHOMINGO COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Contract Fabricators, Inc. Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Miscellaneous revenues	\$ 266,700	266,701	266,701	-
Total Revenues	<u>266,700</u>	<u>266,701</u>	<u>266,701</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	266,196	266,207	266,207	-
Total Expenditures	<u>266,196</u>	<u>266,207</u>	<u>266,207</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>504</u>	<u>494</u>	<u>494</u>	<u>-</u>
Net Change in Fund Balance	504	494	494	-
Fund Balance - Beginning	<u>23,592</u>	<u>3,683</u>	<u>3,683</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 24,096</u></u>	<u><u>4,177</u></u>	<u><u>4,177</u></u>	<u><u>-</u></u>

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

TISHOMINGO COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 Economic Development Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 9,283	7,055	7,055	-
Miscellaneous revenues	-	8,340	8,340	-
Total Revenues	<u>9,283</u>	<u>15,395</u>	<u>15,395</u>	<u>-</u>
EXPENDITURES				
Debt service:				
Principal	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(26,717)</u>	<u>15,395</u>	<u>15,395</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,974	2,974	-
Lease principal payments	-	9,633	9,633	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>12,607</u>	<u>12,607</u>	<u>-</u>
Net Change in Fund Balance	<u>(26,717)</u>	<u>28,002</u>	<u>28,002</u>	<u>-</u>
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (26,717)</u>	<u>28,002</u>	<u>28,002</u>	<u>-</u>

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

TISHOMINGO COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis) -
 MS Silicon Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ -	324,417	324,417	
Use for money and property	105,000	-	-	-
Miscellaneous revenues	308,800	-	-	-
Total Revenues	<u>413,800</u>	<u>324,417</u>	<u>324,417</u>	<u>-</u>
EXPENDITURES				
Economic development and assistance	404,000	-	-	
Debt service:				
Principal	-	335,418	335,418	-
Interest	-	68,216	68,216	-
Total Expenditures	<u>404,000</u>	<u>403,634</u>	<u>403,634</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>9,800</u>	<u>(79,217)</u>	<u>(79,217)</u>	<u>-</u>
Net Change in Fund Balance	9,800	(79,217)	(79,217)	-
Fund Balance - Beginning	<u>(263,734)</u>	<u>(455,841)</u>	<u>(455,841)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (253,934)</u>	<u>(535,058)</u>	<u>(535,058)</u>	<u>-</u>

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

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

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.053198%	0.053032%	0.051341%	0.049475%	0.048385%	0.050103%	0.048590%
County's proportionate share of the net pension liability (asset)	\$ 10,298,515	9,329,375	8,539,534	8,224,424	8,642,769	7,744,472	5,899,150
County's covered payroll	\$ 3,913,448	3,453,854	3,278,597	3,173,860	3,095,302	3,130,159	2,969,092
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	263.16%	270.11%	260.46%	259.13%	279.22%	247.41%	198.69%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	84.30%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement 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.

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 621,562	571,062	492,371	503,041	482,457	500,428	475,638
Contributions in relation to the contractually required contribution	<u>621,562</u>	<u>571,062</u>	<u>492,371</u>	<u>503,041</u>	<u>482,457</u>	<u>500,428</u>	<u>475,638</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 3,572,195	3,491,129	3,126,165	3,193,911	3,063,219	3,177,321	3,019,924
Contributions as a percentage of covered payroll	17.40%	16.36% **	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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.

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

Budgetary Comparison Schedule

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 and Tax 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).

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

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

	General Fund	Governmental Fund Types		
		Contract Fabricators, Inc. Fund	Economic Development Fund	MS Silicon Fund
Budget (Cash Basis)	\$ (3,549)	494	28,002	(79,217)
Increase (Decrease)				
Net adjustments for revenue accruals	1,192,279	(186,048)	(12,607)	76,167
Net adjustments for expenditure accruals	(119,785)	-	-	-
Net adjustments for other financing sources(uses)	(96,606)	186,049	12,607	-
GAAP Basis	\$ 972,339	495	28,002	(3,050)

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

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

2019

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

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

For females, 85% of 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 7.00% to 9.00%.

B. Changes in benefit provisions.

2016

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

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

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

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Emergency Management Agency	10.664	N/A	\$ 26,391
Total U.S. Department of Agriculture			26,391
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through the Mississippi Development Authority Community Development Block Grant	14.228	1126-09-071-ED-01	8,172
Total U.S. Department of Housing and Urban Development			8,172
<u>U.S. Department of Justice</u>			
Passed-through U.S. Corps of Engineers Public Safety Partnership and Community Policing Grants	16.710	W9127819P0114	27,227
Total U.S. Department of Justice			27,227
<u>U.S. Department of Transportation - Federal Aviation Administration</u>			
Airport Improvement Program *	20.106	3-28-0036-014-2019	130,371
Total U.S. Department of Transportation			130,371
<u>U.S. Department of the Treasury</u>			
Passed-through Mississippi Emergency Management Agency Coronavirus relief fund *	21.019	N/A	353,596
Total U.S. Department of the Treasury			353,596
<u>Appalachian Regional Commission</u>			
Passed-through the Mississippi Development Authority	23.001	MS-18806	142,071
Passed-through the Mississippi Development Authority	23.001	MS-19486	262,182
Total Appalachian Regional Commission			404,253
<u>U.S. Department of Homeland Security</u>			
Passed-through Mississippi Emergency Management Agency Disaster Grants-Public Assistance	97.036	4429-15	24,715
(Presidentially Declared Disasters)	97.036	4429-DR-MS	134,649
Passed-through the Mississippi Emergency Management Agency Emergency Management Performance Grants	97.042	20EMPL00	42,433
Total U.S. Department of Homeland Security			201,797
Total Expenditures of Federal Awards			\$ 1,151,807

Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

* Denotes major federal award program.

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

Operating Expenditures, Cash Basis:

Salaries	\$	421,055
Expendable Commodities:		
Gasoline and petroleum products		52,962
Repair parts		124,309
Insurance and fidelity bonds		525
Utilities		3,404
Engineering fees		5,390
Maintenance		906
Supplies		34
Hauling		<u>299,563</u>

Solid Waste Cash Basis Operating Expenditures	908,148
---	---------

Full Cost Expenses:

Indirect administrative costs	6,828
Depreciation on equipment	60,619
Other accrued expenses	<u>57,309</u>

Solid Waste Full Cost Operating Expenses	\$ <u><u>1,032,904</u></u>
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OTHER INFORMATION

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

Name	Position	Company	Bond
Brandon Grissom	Supervisor District 1	Western Surety Co.	\$100,000
Nicky McRae	Supervisor District 2	Western Surety Co.	\$100,000
Michael Busby	Supervisor District 3	Western Surety Co.	\$100,000
Jeffery Holt	Supervisor District 4	Western Surety Co.	\$100,000
Greg Collier	Supervisor District 5	Western Surety Co.	\$100,000
Peyton Cummings	Chancery Clerk	Western Surety Co.	\$100,000
Gina Underwood	Chancery Clerk Deputy/Payroll	Western Surety Co.	\$75,000
Bobbie P. Phifer	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Kelly Prather	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Kristen Gann	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Courtney Page	Chancery Clerk Deputy	Western Surety Co.	\$50,000
Kelly Prather	Purchase Clerk	Western Surety Co.	\$75,000
Lynn West	Assistant Purchase Clerk	Western Surety Co.	\$50,000
Courtney Page	Receiving Clerk	Western Surety Co.	\$75,000
Brandon Brown	Assistant Receiving Clerk - District 1	Western Surety Co.	\$50,000
David Oaks	Assistant Receiving Clerk - District 2	Western Surety Co.	\$50,000
Ronnie Woodruff	Assistant Receiving Clerk - District 3	Western Surety Co.	\$50,000
Norris Carr	Assistant Receiving Clerk - District 4	Western Surety Co.	\$50,000
Timothy Wood	Assistant Receiving Clerk - District 5	Western Surety Co.	\$50,000
Tim Wilson	Assistant Receiving Clerk - Landfill	Western Surety Co.	\$50,000
Judy Robinson	Assistant Receiving Clerk - Sheriff	Western Surety Co.	\$50,000
Rodney Pannell	Assistant Receiving Clerk - Tristate	Western Surety Co.	\$50,000
Eric Booker	Assistant Receiving Clerk	Western Surety Co.	\$50,000
Dale Aldridge	Assistant Receiving Clerk	Western Surety Co.	\$50,000
Michael Sean Bullard	Assistant Receiving Clerk	Western Surety Co.	\$50,000
Peyton Cummings	Inventory Control Clerk	Western Surety Co.	\$75,000
Gina Underwood	Assistant Inventory Control Clerk	Western Surety Co.	\$50,000
Donald Ray Thomas	Constable	Western Surety Co.	\$50,000
Jamie Stuart	Constable	Western Surety Co.	\$50,000
Joshua McNatt	Circuit Clerk	Western Surety Co.	\$100,000
Susan Long	Deputy Circuit Clerk	Western Surety Co.	\$100,000
Amanda Mathis Glasser	Deputy Circuit Clerk	Western Surety Co.	\$100,000
Kimberly Wilson	Deputy Circuit Clerk	Western Surety Co.	\$100,000
John Dennis Daugherty	Sheriff	Western Surety Co.	\$100,000
Lee Hollingsworth	Sheriff's Deputy	Western Surety Co.	\$50,000
Ronnie Taylor	Sheriff's Deputy	Western Surety Co.	\$50,000
Thomas Mynatt	Sheriff's Deputy	Western Surety Co.	\$50,000
John Dipietro	Sheriff's Deputy	Western Surety Co.	\$50,000
Ryan Glover	Sheriff's Deputy	Western Surety Co.	\$50,000
Joseph Marlar	Sheriff's Deputy	Western Surety Co.	\$50,000
Darrell Hopkins	Sheriff's Deputy	Western Surety Co.	\$50,000
Jamie Reynolds	Sheriff's Deputy	Western Surety Co.	\$50,000
Monica Bronson	Sheriff's Deputy	Western Surety Co.	\$50,000
Wesley Wellington	Sheriff's Deputy	Western Surety Co.	\$50,000
Greg Mitchell	Sheriff's Deputy	Western Surety Co.	\$50,000
Scott Marlin	Sheriff's Deputy	Western Surety Co.	\$50,000
Rodney Pannell	Sheriff's Deputy	Western Surety Co.	\$50,000
Shane Wood	Sheriff's Deputy	Western Surety Co.	\$50,000
Perry Mask	Sheriff's Deputy	Western Surety Co.	\$50,000
Adam Kostelansky	Sheriff's Deputy	Western Surety Co.	\$50,000
Jeffrey Sparks	Sheriff's Deputy	Western Surety Co.	\$50,000
James Wallace	Sheriff's Deputy	Western Surety Co.	\$50,000
Marco Cordoba	Sheriff's Deputy	Western Surety Co.	\$50,000
Mitchell Walls	Sheriff's Deputy	Western Surety Co.	\$50,000

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

Name	Position	Company	Bond
Scott Dalton	School Resource Officer	Western Surety Co.	\$50,000
David Derrick	School Resource Officer	Western Surety Co.	\$50,000
Donny J. Sparks	Justice Court Judge	Western Surety Co.	\$50,000
Clayton Cummings	Justice Court Judge	Western Surety Co.	\$50,000
Mechelle Pounders	Justice Court Clerk	Western Surety Co.	\$50,000
Edna Renee Shull	Deputy Justice Court Clerk	Western Surety Co.	\$50,000
Joy Brock Chatman	Deputy Justice Court Clerk	Western Surety Co.	\$50,000
Jena McNatt	Tax Collector	Western Surety Co.	\$100,000
Laura Hisaw	Deputy Tax Collector	Western Surety Co.	\$50,000
Kathy Helton	Deputy Tax Collector	Western Surety Co.	\$50,000
Sandy Kirk	Deputy Tax Collector	Western Surety Co.	\$50,000
Faith K. Morris	Deputy Tax Collector	Western Surety Co.	\$50,000
Shailyn Davis	Deputy Tax Collector	Western Surety Co.	\$50,000
Wayne Crum	Tax Assessor	Western Surety Co.	\$50,000
Rebecca Oaks	Deputy Tax Assessor	Western Surety Co.	\$10,000
Shirley Maxwell	Deputy Tax Assessor	Western Surety Co.	\$10,000
Melissa Morris	Deputy Tax Assessor	Western Surety Co.	\$10,000
Cathy Ann Gordon	Sheriff's Jailer	Western Surety Co.	\$25,000
James Marlar	Sheriff's Jailer	Western Surety Co.	\$50,000
George Julen	Sheriff's Jailer	Western Surety Co.	\$25,000
Paul Copeland	Sheriff's Jailer	Western Surety Co.	\$25,000
Raines Russell	Sheriff's Dispatcher	Western Surety Co.	\$10,000
Anna Harp	Sheriff's Dispatcher	Western Surety Co.	\$10,000
Shelaine Butler	Sheriff's Secretary	Western Surety Co.	\$25,000
Judith Robinson	Sheriff's Secretary/Assistant Dispatcher	Western Surety Co.	\$50,000
Stewart M. Wilemon	Coroner	Western Surety Co.	\$50,000
Billy McKissick	Bailiff	Western Surety Co.	\$50,000
Billy McKissick	Transport Officer	Western Surety Co.	\$25,000
James T. Strickland	County Surveyor	Western Surety Co.	\$50,000

SPECIAL REPORTS



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

Members of the Board of Supervisors
Tishomingo 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 Tishomingo County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 28, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2020-001 and 2020-002 that we consider to be significant deficiencies.

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

Booneville, Mississippi
Phone: (662) 728-6172

Corinth, Mississippi
Phone: (662) 286-7082

Iuka, Mississippi
Phone: (662) 423-5057

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Tishomingo County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 28, 2022, included within this document.

Tishomingo County's Responses to Findings

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

Purpose of 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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
December 28, 2022



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

Members of the Board of Supervisors
Tishomingo County, Mississippi

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Muscle Shoals, Alabama
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Iuka, Mississippi
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Report on Internal Control Over Compliance

Management of Tishomingo 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 Tishomingo County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tishomingo 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
December 28, 2022



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

Members of the Board of Supervisors
Tishomingo County, Mississippi

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

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

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

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

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

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

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
December 28, 2022

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

Booneville, Mississippi
Phone: (662) 728-6172

Corinth, Mississippi
Phone: (662) 286-7082

Iuka, Mississippi
Phone: (662) 423-5057

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

Schedule 1

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

TISHOMINGO COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item</u> <u>Purchased</u>	<u>Amount</u> <u>Paid</u>	<u>Vendor</u>	<u>Reason for</u> <u>Emergency Purchase</u>
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Our tests did not identify any emergency purchases.

TISHOMINGO COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
-------------	-----------------------	------------------------	---------------

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tishomingo County, Mississippi

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

In addition, for areas not considered material to Tishomingo County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 28, 2022, on the financial statements of Tishomingo County, Mississippi.

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

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

Board of Supervisors.

1. Controls over repayment of interfund advances should be strengthened.

Repeat Finding

Yes (1.)

Criteria

The Mississippi Code is silent regarding the authority of the County to make these loans.

Muscle Shoals, Alabama
Phone: (256) 314-5082

Red Bay, Alabama
Phone: (256) 356-9375

Sheffield, Alabama
Phone: (256) 381-1473

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Phone: (662) 728-6172

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Condition

As reported in prior years' audit reports, the County has interfund loans outstanding that are over a year old. These interfund loans total \$315,835 as of September 30, 2020.

Cause

The Board of Supervisors did not ensure the loans be paid off in a timely manner.

Effect

Failure to repay these loans constitutes a diversion of legally restricted funds.

Recommendation

The Board of Supervisors should ensure that these loans are repaid as soon as possible.

Views of Responsible Officials

We have paid some of the advances off and will continue to do so in the future.

2. Warrants were issued without sufficient money to pay the warrants.

Repeat Finding

Yes (2.)

Criteria

Section 19-13-43, Miss. Code Ann. (1972) prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

Condition

As reported in the prior year's audit report, the County issued warrants on funds that did not have sufficient money to pay the warrants. The following funds had negative cash balances:

- (a) General Fund
- (b) E911 Emergency Fund
- (b) 1st District Fire Fund
- (c) Belmont Airport
- (d) Hago Automotive Fund
- (e) International Converter Fund
- (f) Contract Fabricators, Inc. Fund
- (g) Block Grant Fund
- (h) Block Grant Clearing Fund
- (i) Payroll Clearing Fund

Cause

The Board of Supervisors did not ensure cash was available to pay warrants before cash was disbursed.

Effect

Failure to have sufficient cash balances in County funds before writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

Recommendation

The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Views of Responsible Officials

We will comply.

Tax Assessor

3. The Tax Assessor failed to remove an expired exemption granted under Miss. Code Ann. (1972), Section 27-31-109.

Repeat Finding

Yes. (6.)

Criteria

Section 27-31-109 of the Miss. Code Ann. (1972) grants exemptions to certain industries for a limited period of time.

Condition

The Tax Assessor failed to remove an expired exemption granted under the aforementioned Code Section.

Cause

The Tax Assessor did not monitor the expiration dates on the exemption and, therefore, granted an industry an exemption that was not entitled to one.

Effect

Failure to remove an expired exemption can result in lost ad valorem revenue to the County.

Recommendation


The Tax Assessor should closely monitor the exemption dates on all exemptions granted under Miss. Code Ann. (1972), Section 27-31-109.

Views of Responsible Official

I will ensure that exemptions are removed when expired.

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

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

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
December 28, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section 1: 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 |
| | Contract Fabricators, Inc. Fund | Unmodified |
| | Economic Development Fund | Unmodified |
| | MS Silicon Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to the 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 federal 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# 20.106, Airport Improvement Program | |
| | b. 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)? | Yes |

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

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency.

2020-001 Criteria:

A critical aspect of effective cyber security is a policy for information technology.

Condition:

As reported in prior years' audits, the County has not adopted a formal Information Security Policy or Enterprise Security Plan.

Effect:

The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol.

Cause:

The County failed to implement a formal Information Security Policy or Enterprise Security Plan.

Recommendation:

The County should create a plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by the Board of Supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Response:

There is a rough draft of the information policy being circulated among TRPDD and NEMPDD counties. However, the rough draft has yet to be approved for circulation.

Repeat Finding:

Yes (2019-002)

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

Significant Deficiency.

2020-002 Criteria:

The County's server room should have limited access and proper environmental equipment for electronic equipment.

Condition:

As reported in prior years' audits, the County's computer room is not a dedicated room with limited, controlled access and proper environmental equipment for electronic equipment. The room is secure in that there are people working during business hours in and around the computer. However, the computer is in the open and has the potential to be accessed by unauthorized personnel. The room does have air conditioning, but it does not have monitoring equipment for other conditions that can have an adverse effect on electronic equipment.

Effect:

Lack of monitoring equipment could result in an environmental condition affecting the County's server. If there is an incident, the County could lose vital records.

Cause:

The County does not have a separate secure room to house their computer server.

Recommendation:

The County should establish an area specifically for computerized equipment that can be locked and provisioned with environmental control and monitoring equipment in relation to heat, humidity, and other conditions that might affect computerized equipment. This equipment should also have the capability to notify the proper personnel when these conditions vary outside of preset ranges. A log should also be maintained of visitors entering and exiting the computer room. In addition, access reviews should be completed on a periodic basis to determine that only authorized personnel have access to the computer room. Documentation of visitors to the computer room as well as periodic access reviews should be maintained for review by audit personnel.

Response:

The County did a study with TRPDD and NEMPDD in 2021 to see if the courthouse has a potential room that can be converted to a potential computer room. The study also looked at potential costs for moving all wired connections and servers to the computer room. The Board of Supervisors decided the roof needed to be repaired before making any changes under the roof. Once the roof is repaired, the County will revisit the need to budget for this conversion in 2023 if a suitable location can be identified in the courthouse.

Repeat Finding:

Yes (2019-003)

Section 3: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN

**TISHOMINGO COUNTY
STATE OF MISSISSIPPI
BOARD OF SUPERVISORS**

ERIC BOOKER

First District

NICKY MCRAE

Second District

MICHAEL BUSBY

Third District

JEFF HOLT

Fourth District

GREG COLLIER

Fifth District

1008 BATTLEGROUND DRIVE

IUKA, MISSISSIPPI 38852

PHONE (662) 423-7032

FAX (662) 423-7005

AUDITEE'S CORRECTIVE ACTION PLAN

Finding	Corrective Action Plan Details
2020-001	The County has not adopted a formal Information Security Policy or Enterprise Security Plan.
	A. Name of contact person responsible for corrective action: Peyton Cummings, Chancery Clerk
	B. Corrective action planned: The County is waiting to review a rough draft of the information policy being circulated among TRPDD and NEMPDD counties. However, the rough draft has yet to be approved for circulation.
	C. Anticipated completion date: Unknown
2020-002	The County's computer room is not a dedicated room with limited, controlled access and proper environmental equipment for electronic equipment.
	A. Name of contact person responsible for corrective action: Peyton Cummings, Chancery Clerk
	B. Corrective action planned: The County did a study with TRPDD and NEMPDD in 2021 to see if the courthouse has a potential room that can be converted to a potential computer room. The study also looked at potential costs for moving all wired connections and servers to the computer room. The Board of Supervisors decided the roof needed to be repaired before making any changes under the roof. Once the roof is repaired, the County will revisit the need to budget for this conversion in 2023 if a suitable location can be identified in the courthouse.
	Anticipated completion date: September 30, 2024

Sincerely,

Peyton Cummings, Chancery Clerk

***AUDITEE'S SUMMARY
SCHEDULE OF PRIOR
AUDIT FINDINGS***

**TISHOMINGO COUNTY
STATE OF MISSISSIPPI
BOARD OF SUPERVISORS**

ERIC BOOKER

First District

NICKY MCRAE

Second District

MICHAEL BUSBY

Third District

JEFF HOLT

Fourth District

GREG COLLIER

Fifth District

1008 BATTLEGROUND DRIVE

IUKA, MISSISSIPPI 38852

PHONE (662) 423-7032

FAX (662) 423-7005

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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 (UG), Tishomingo County, Mississippi has prepared and hereby submits the following summary of prior year audit findings and follow up as of September 30, 2020:

Finding Number	Finding Summary	Status	Additional Information
2019-001	The County failed to have a network access reviewed as required by Mississippi Enterprise Security Policy.	Corrected	N/A
2019-002	The County has not adopted a formal Information Security Policy or Enterprise Security Plan.	Not corrected (See Finding 2020-001)	There is a rough draft of the information policy being circulated among TRPDD and NEMPDD counties. However, the rough draft has yet to be approved for circulation.
2019-003	The County's computer room is not a dedicated room with limited, controlled access and proper environmental equipment for electronic equipment. The room is secure in that there are people working during business hours in and around the computer. However, the computer is in the open and has the potential to be accessed by unauthorized personnel. The room does have air conditioning, but it does not have monitoring equipment for other conditions that can have an adverse effect on electronic equipment.	Not corrected (See Finding 2020-002)	The County did a study with TRPDD and NEMPDD in 2021 to see if the courthouse has a potential room that can be converted to a potential computer room. The study also looked at potential costs for moving all wired connections and servers to the computer room. The Board of Supervisors decided the roof needed to be repaired before making any changes under the roof. Once the roof is repaired, the County will revisit the need to budget for this conversion in 2023 if a suitable location can be identified in the courthouse.

Sincerely,

Peyton Cummings, Chancery Clerk