

SCOTT COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021



SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

May 8, 2023

Members of the Board of Supervisors
Scott County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Scott County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White

SCOTT COUNTY
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SCOTT COUNTY

FINANCIAL SECTION

SCOTT COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Scott County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Scott County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 Scott County, Mississippi, as of September 30, 2021, 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 Budgetary Comparison Schedule, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County, Mississippi's basic financial statements. 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 Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023 on our consideration of Scott 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 Scott 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 Scott County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 8, 2023

SCOTT COUNTY

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SCOTT COUNTY

FINANCIAL STATEMENTS

SCOTT COUNTY

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SCOTT COUNTY
Statement of Net Position
September 30, 2021

Exhibit 1

	Primary Government Governmental Activities
ASSETS	
Cash	\$ 20,216,251
Property tax receivable	10,794,650
Accounts receivable (net of allowance for uncollectibles of \$1,529,222)	786,209
Fines receivable (net of allowance for uncollectibles of \$2,711,158)	632,545
Intergovernmental receivables	202,522
Other receivables	4,353
Capital assets:	
Land and construction in progress	1,312,506
Other capital assets, net	24,752,232
Total Assets	58,701,268
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,348,608
Deferred amount on refunding	460,609
Total Deferred Outflows of Resources	1,809,217
LIABILITIES	
Claims payable	771,199
Intergovernmental payables	274,363
Accrued interest payable	70,321
Unearned revenue	3,515,797
Other payables	77,423
Long-term liabilities	
Due within one year:	
Capital debt	1,623,280
Due in more than one year:	
Capital debt	8,078,014
Non-capital debt	247,663
Net pension liability	10,132,581
Total Liabilities	24,790,641
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,451,916
Deferred revenues - property taxes	10,794,650
Total Deferred Inflows of Resources	14,246,566
NET POSITION	
Net investment in capital assets	16,824,053
Restricted for:	
Expendable:	
General government	90,923
Public safety	682,534
Public works	5,449,665
Unemployment compensation	566,228
Debt service	2,350,645
Unrestricted	(4,490,770)
Total Net Position	\$ 21,473,278

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

SCOTT COUNTY
Statement of Activities
For the Year Ended September 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,828,790	720,421	44,635		(3,063,734)
Public safety	4,837,156	708,910	389,264		(3,738,982)
Public works	6,889,459	1,118,904	832,882	1,422,640	(3,515,033)
Health and welfare	200,321		46,576		(153,745)
Culture and recreation	222,455				(222,455)
Education	200,409				(200,409)
Conservation of natural resources	96,379				(96,379)
Economic development and assistance	103,667				(103,667)
Interest on long-term debt	279,746				(279,746)
Pension expense	384,479				(384,479)
Total Governmental Activities	\$ 17,042,861	2,548,235	1,313,357	1,422,640	(11,758,629)
General revenues:					
Property taxes				\$	11,038,803
Road & bridge privilege taxes					364,765
Grants and contributions not restricted to specific programs					574,969
In lieu taxes - Raytheon Company					227,760
Unrestricted interest income					172,382
Miscellaneous					686,374
Total General Revenues					13,065,053
Changes in Net Position					1,306,424
Net Position - Beginning, as previously reported					20,110,657
Fund reclassification					392,508
Prior period adjustment					(336,311)
Net Position - Beginning, as restated					20,166,854
Net Position - Ending				\$	21,473,278

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

SCOTT COUNTY
Balance Sheet - Governmental Funds
September 30, 2021

Exhibit 3

	Major Funds		Other	Total
	General	American	Governmental	Governmental
	Fund	Recovery	Funds	Funds
		Fund		
ASSETS				
Cash	\$ 7,912,183	2,733,212	9,570,856	20,216,251
Property tax receivable	7,286,100		3,508,550	10,794,650
Accounts receivable (net of allowance for uncollectibles of \$1,529,222)			786,209	786,209
Fines receivable (net of allowance for uncollectibles of \$2,711,158)	632,545			632,545
Intergovernmental receivables	202,522			202,522
Other receivables	4,353			4,353
Due from other funds			84,462	84,462
Total Assets	\$ 16,037,703	2,733,212	13,950,077	32,720,992
LIABILITIES				
Liabilities:				
Claims payable	\$ 322,573		448,626	771,199
Intergovernmental payables	266,100			266,100
Due to other funds	92,725			92,725
Unearned revenue		2,731,378	784,419	3,515,797
Other payables	77,423			77,423
Total Liabilities	758,821	2,731,378	1,233,045	4,723,244
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	7,286,100		3,508,550	10,794,650
Unavailable revenue - accounts receivable			786,209	786,209
Unavailable revenue - fines	632,545			632,545
Total Deferred Inflows of Resources	7,918,645	0	4,294,759	12,213,404
Fund balances:				
Restricted for:				
General government			90,923	90,923
Public safety			682,534	682,534
Public works		1,834	4,661,622	4,663,456
Unemployment compensation			566,228	566,228
Debt service			2,420,966	2,420,966
Unassigned	7,360,237			7,360,237
Total Fund Balances	7,360,237	1,834	8,422,273	15,784,344
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,037,703	2,733,212	13,950,077	32,720,992

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

SCOTT COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 15,784,344
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 \$16,371,436.	26,064,738
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,418,754
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,948,957)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,132,581)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(70,321)
Deferred amount on refunding	460,609
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	1,348,608
Deferred inflows of resources related to pensions	<u>(3,451,916)</u>
Total Net Position - Governmental Activities	\$ <u><u>21,473,278</u></u>

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

SCOTT COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	Major Funds		Other	Total
	General	American	Governmental	Governmental
	Fund	Recovery	Funds	Funds
		Fund		
REVENUES				
Property taxes	\$ 7,331,247		3,707,556	11,038,803
Road and bridge privilege taxes			364,765	364,765
Licenses, commissions and other revenue	278,014		215,086	493,100
Fines and forfeitures	566,723		6,714	573,437
In lieu taxes - Raytheon Company	227,760			227,760
Intergovernmental revenues	722,684		2,588,282	3,310,966
Charges for services	420,458		866,382	1,286,840
Interest income	102,208	1,834	68,340	172,382
Miscellaneous revenues	135,712		112,971	248,683
Total Revenues	9,784,806	1,834	7,930,096	17,716,736
EXPENDITURES				
Current:				
General government	3,983,755		41,537	4,025,292
Public safety	4,975,736		64,953	5,040,689
Public works			9,422,412	9,422,412
Health and welfare	167,069			167,069
Culture and recreation	222,455			222,455
Education			200,409	200,409
Conservation of natural resources	102,527			102,527
Economic development and assistance	109,541			109,541
Debt service:				
Principal	53,548		1,939,858	1,993,406
Interest	3,396		210,250	213,646
Total Expenditures	9,618,027	0	11,879,419	21,497,446
Excess of Revenues over (under) Expenditures	166,779	1,834	(3,949,323)	(3,780,710)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			3,220,574	3,220,574
Proceeds from sale of capital assets	23,748		1,153,574	1,177,322
Compensation for loss of capital assets	27,087			27,087
Transfers in	125,000		716,742	841,742
Transfers out	(125,000)		(716,742)	(841,742)
Total Other Financing Sources and Uses	50,835	0	4,374,148	4,424,983
Net Changes in Fund Balances	217,614	1,834	424,825	644,273
Fund Balances - Beginning, as previously reported	6,750,115		7,997,448	14,747,563
Fund reclassification	392,508			392,508
Fund Balances - Beginning, as restated	7,142,623	0	7,997,448	15,140,071
Fund Balances - Ending	\$ 7,360,237	1,834	8,422,273	15,784,344

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

SCOTT COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 644,273
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$3,581,890 exceeded depreciation of \$1,508,196 in the current period.	2,073,694
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$437,691 and the proceeds from sale of \$1,177,322 and the compensation for loss of capital assets of \$27,087 in the current period.	(766,718)
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.	142,336
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	52,522
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 \$3,220,574 exceeded debt repayments of \$1,993,406.	(1,227,168)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in compensated absences	12,847
The amount of increase in accrued interest payable	(5,993)
The amortization of refunding bond premium	6,487
The amortization of deferred refunding charges	(66,594)
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	(384,479)
Recording of contributions made during the year	825,217
Change in Net Position of Governmental Activities	\$ 1,306,424

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

SCOTT COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Receivables:	
Due from other funds	\$ 8,263
Total Assets	\$ <u>8,263</u>
LIABILITIES	
Intergovernmental payables	\$ 8,263
Total Liabilities	\$ <u>8,263</u>

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

SCOTT COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Tax collections for other governments	\$ 1,006,554
Other taxes and fees collected for State	<u>382,306</u>
Total Additions	<u>1,388,860</u>
DEDUCTIONS	
Payments of tax collections to other governments	<u>1,388,860</u>
Total Deductions	<u>1,388,860</u>
Net increase (decrease) in fiduciary net position	0
Net Position - Beginning	<u>0</u>
Net Position - Ending	<u>\$ 0</u>

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

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. 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, even though the latter are excluded from the government-wide financial statements. 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 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.

Governmental Fund 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.

American Recovery Fund - This fund is used to account for monies received from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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, and 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. Interfund Transactions and Balances.

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

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

	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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

Unavailable revenue – 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.

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

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

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

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

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."

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

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.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification.

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, previously reported as a Fiduciary Fund, was reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$392,508.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of the year net position of \$0 as having been recognized in the period incurred.

(3) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in pension calculations.	\$ (249,506)
To correct prior year errors in additions to construction in progress.	(86,805)
Total prior period adjustments	\$ (336,311)

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(4) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$20,216,251, and the bank balance was \$20,591,044. 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, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 84,462
Custodial Funds	General Fund	8,263
Total		<u>\$ 92,725</u>

The receivables represent the tax revenue collected in September, 2021, but not settled until October, 2021. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 125,000
Other Governmental Funds	General Fund	125,000
Other Governmental Funds	Other Governmental Funds	591,742
Total		<u>\$ 841,742</u>

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

SCOTT COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 138,640
Emergency performance grant reimbursement	27,999
Reimbursement for housing prisoners	29,300
Department of Human Services reimbursement	6,583
Total Governmental Activities	<u>\$ 202,522</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 560,784				560,784
Construction in progress	87,481	751,046		(86,805)	751,722
Total non-depreciable capital assets	648,265	751,046	0	(86,805)	1,312,506
<u>Depreciable capital assets:</u>					
Infrastructure	11,748,793				11,748,793
Buildings	16,081,671				16,081,671
Mobile equipment	8,143,533	753,871	1,185,037		7,712,367
Furniture and equipment	633,395	8,400			641,795
Leased property under capital leases	3,566,726	2,068,573	696,257		4,939,042
Total depreciable capital assets	40,174,118	2,830,844	1,881,294	0	41,123,668
<u>Less accumulated depreciation for:</u>					
Infrastructure	2,833,282	315,447			3,148,729
Buildings	5,163,056	321,646			5,484,702
Mobile equipment	6,539,194	305,709	977,716		5,867,187
Furniture and equipment	550,802	32,285			583,087
Leased property under capital leases	891,482	533,109	136,860		1,287,731
Total accumulated depreciation	15,977,816	1,508,196	1,114,576	0	16,371,436
Total depreciable capital assets, net	24,196,302	1,322,648	766,718	0	24,752,232
Governmental activities capital assets, net	<u>\$ 24,844,567</u>	<u>2,073,694</u>	<u>766,718</u>	<u>(86,805)</u>	<u>26,064,738</u>

*Adjustments are to correct prior-year errors in the County's capital asset records.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 88,297
Public safety	425,709
Public works	952,062
Health and welfare	42,128
	<hr/>
Total governmental activities depreciation expense	\$ 1,508,196

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
McCurdy Road bridge replacement	\$ 40,945	December 2022
Damascus Road bridge replacement	361,722	September 2022
Pea Ridge Road bridge replacement	628,425	September 2023

(8) 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, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

Classes of Property	Governmental Activities
Mobile equipment	\$ 4,939,042
Total	4,939,042
Less: Accumulated depreciation	(1,287,731)
	<hr/>
Leased Property Under Capital Leases	\$ 3,651,311

SCOTT COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

The following is a schedule by years of the total payments due as of September 30, 2021:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 658,280	67,748
2023	631,437	51,309
2024	884,139	28,882
2025	509,601	11,890
2026	<u>247,965</u>	<u>1,950</u>
Total	\$ <u>2,931,422</u>	<u>161,779</u>

(10) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Series 2014 refunding bonds	\$ 5,625,000	2.00-3.50%	11/2027
GO road and bridge for district 2	500,000	1.13%	10/2025
GO road and bridge for district 3	500,000	1.13%	10/2025
GO road and bridge for district 4	<u>100,000</u>	1.13%	10/2025
Total General Obligation Bonds	\$ <u>6,725,000</u>		

SCOTT COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
B. Capital Leases:			
2015 Peterbilt pumpers (3)	\$ 195,275	2.48%	06/2025
2018 Bobcat	570	3.77%	10/2021
2018 Cat motor grader	149,618	3.69%	12/2023
2018 JD tractor/cutter	53,030	3.81%	11/2023
2019 Cat 140M3 motor grader	202,371	4.07%	02/2024
2019 Dodge Durangos (5)	69,574	3.44%	12/2022
2019 Dodge Ram 2500 pickup	17,445	2.41%	04/2024
2020 John Deere 5100M tractor	33,365	2.23%	09/2024
2020 Caterpillar rubber tire excavator	76,586	2.23%	09/2024
2011 Mack truck	29,848	3.34%	02/2025
2020 New Holland tractor/cutter	60,842	1.93%	08/2025
2020 John Deere 5100 tractor	35,557	2.23%	09/2024
2020 Kenworth dump truck	56,617	2.23%	09/2025
Kenworth K370 truck	71,121	2.41%	04/2025
Mack truck refinanced	43,703	2.59%	01/2025
2020 Hamm HD tandem roller	115,148	2.41%	03/2026
(2) Kenworth dump trucks (2022)	305,773	2.31%	04/2026
Kenworth single dump truck T270	87,391	2.31%	04/2026
(2) Kenworth Dump trucks 2022	305,773	2.31%	04/2026
(2) Kenworth Dump trucks 2022	305,773	2.31%	04/2026
(2) Kenworth Dump trucks 2022	305,772	2.31%	04/2026
(2) Kenworth Dump trucks 2022	305,772	2.31%	04/2026
(2) John Deere 5100E tractors	104,498	2.31%	06/2026
Total Capital Leases	\$ 2,931,422		

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	
	Principal	Interest
2022	\$ 965,000	144,613
2023	985,000	127,038
2024	1,005,000	108,081
2025	1,020,000	87,775
2026	1,040,000	66,050
2027 - 2031	1,710,000	50,588
Total	\$ 6,725,000	584,145

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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, 2021, the amount of outstanding debt was equal to 3.02 percentage of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 260,510		12,847	247,663	
General obligation bonds	6,360,000	1,100,000	735,000	6,725,000	965,000
Add:					
Premiums	51,359		6,487	44,872	
Capital leases	2,069,254	2,120,574	1,258,406	2,931,422	658,280
Total	<u>\$ 8,741,123</u>	<u>3,220,574</u>	<u>2,012,740</u>	<u>9,948,957</u>	<u>1,623,280</u>

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

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Scott 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 *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* 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

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2021, 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, 2021 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, 2021, 2020 and 2019 were \$825,217, \$775,188 and \$723,615, respectively, equal to the required contributions for each year.

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

At September 30, 2021, the County reported a liability of \$10,132,581 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was 0.068554 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.001408 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$384,479. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,587	
Net difference between projected and actual earnings on pension plan investments		3,290,746
Changes of assumptions	779,589	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	195,828	161,170
County contributions subsequent to the measurement date	212,604	
Total	\$ 1,348,608	3,451,916

\$212,604 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Year ending September 30	Amount
2022	\$ (651,101)
2023	(334,667)
2024	(420,816)
2025	(909,328)
Total	\$ <u>(2,315,912)</u>

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of The net pension liability	\$ 14,350,110	10,132,581	6,657,001

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) 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.

(13) Effect of Deferred Amounts on Net Position.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The governmental activities' unrestricted net position amount of \$(4,490,770) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$212,604 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, 2022. The \$1,136,004 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$3,451,916 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets amount of \$16,824,053 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$460,609 balance of deferred outflows of resources at September 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets over the next six years.

(14) Joint Ventures.

The County participates in the following joint ventures:

Scott County is a participant with Rankin, Smith and Simpson Counties in a joint venture authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board, of which two members are appointed by Rankin County and one from each of the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$222,455 in fiscal year 2021. Complete financial statements for the Central Mississippi Regional Library System can be obtained from the following address: 3470 Highway 80 East, Pearl, MS 39208.

The Scott County Coliseum is operated jointly by the County and the City of Forest. The joint venture was created to provide economic development with the County and City. The Board of Trustees for the Coliseum is composed of board members of the participating governments and other citizens that are selected by those board members. The City of Forest has control over the bank account and funds of the Coliseum. The County appropriated \$46,683 for support of the Coliseum in fiscal year 2021.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Scott County Board of Supervisors appoints six of the 30 members of the college board of directors. The County levy collected in 2021 the following amounts: \$499,490 for maintenance and support and \$149,994 for buildings and renovations.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Scott County Board of Supervisors appoints two of the 26 board members. The County appropriates only modest financial support for the district.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Newton, Neshoba, Scott and Smith. The Scott County Board of Supervisors appoints one of the 15 members of the board of directors. The County provided \$16,284 in support for the district in fiscal year 2021.

Region Ten, Weems Community Mental Health Center operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Scott County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$31,000 for support of the commission in the fiscal year 2021.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

The Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County appropriated \$45,470 for support to the district in fiscal year 2021.

(16) Tax Abatements.

As of September 30, 2021, Scott County provided tax-exempt status to five manufacturing companies and three processing plants subject to the requirements of GASB Statement No. 77. These companies are exempt from real and personal property taxes except for levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$2,088,828.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Scott County evaluated the activity of the County through May 8, 2023, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
02/07/2022	2.21%	\$ 269,150	Finance purchase	Ad valorem taxes
05/02/2022	2.59%	32,000	Finance purchase	Ad valorem taxes
05/02/2022	2.59%	66,000	Finance purchase	Ad valorem taxes
05/02/2022	2.59%	71,000	Finance purchase	Ad valorem taxes
05/02/2022	2.59%	140,000	Finance purchase	Ad valorem taxes
07/18/2022	3.73%	32,000	Finance purchase	Ad valorem taxes
08/01/2022	4.28%	65,628	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
08/08/2022	3.64%	225,000	Finance purchase	Ad valorem taxes
09/06/2022	3.00%	1,199,139	Other loan	Ad valorem taxes
10/25/2022	4.470%	168,966	Finance purchase	Ad valorem taxes
01/18/2023	5.590%	43,550	Finance purchase	Ad valorem taxes
02/13/2023	4.600%	33,935	Finance purchase	Ad valorem taxes
02/13/2023	4.543%	188,364	Finance purchase	Ad valorem taxes
03/23/2023	4.990%	203,745	Finance purchase	Ad valorem taxes
03/23/2023	4.990%	30,000	Finance purchase	Ad valorem taxes
03/23/2023	4.990%	48,425	Finance purchase	Ad valorem taxes
04/05/2023	4.990%	230,000	Finance purchase	Ad valorem taxes

SCOTT COUNTY

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SCOTT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCOTT COUNTY

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SCOTT COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,028,100	7,327,392	7,327,392	
Licenses, commissions and other revenue	361,650	671,432	671,432	
Fines and forfeitures	248,500	522,801	522,801	
Intergovernmental revenues	618,500	722,504	722,504	
Charges for services	320,000	412,486	412,486	
Interest income	95,100	98,974	98,974	
Miscellaneous revenues	380,000	233,482	233,482	
Total Revenues	<u>9,051,850</u>	<u>9,989,071</u>	<u>9,989,071</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,614,100	4,095,377	4,095,377	
Public safety	4,747,590	4,897,502	4,897,502	
Health and welfare	279,400	249,324	249,324	
Culture and recreation	222,455	222,455	222,455	
Conservation of natural resources	125,000	102,641	102,641	
Economic development and assistance	151,984	109,237	109,237	
Debt service:				
Principal	55,600	53,548	53,548	
Interest		3,396	3,396	
Total Expenditures	<u>10,196,129</u>	<u>9,733,480</u>	<u>9,733,480</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(1,144,279)</u>	<u>255,591</u>	<u>255,591</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		23,749	23,749	
Compensation for loss of capital assets		27,087	27,087	
Transfers in		125,000	125,000	
Transfers out		(125,000)	(125,000)	
Total Other Financing Sources and Uses	<u>0</u>	<u>50,836</u>	<u>50,836</u>	<u>0</u>
Net Change in Fund Balance	<u>(1,144,279)</u>	<u>306,427</u>	<u>306,427</u>	<u>0</u>
Fund Balances - Beginning	<u>6,159,600</u>	<u>6,750,507</u>	<u>6,750,507</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 5,015,321</u>	<u>7,056,934</u>	<u>7,056,934</u>	<u>0</u>

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

SCOTT COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Recovery Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	2,731,379	2,731,379	
Interest income		1,834	1,834	
Total Revenues	<u>0</u>	<u>2,733,213</u>	<u>2,733,213</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>2,733,213</u>	<u>2,733,213</u>	<u>0</u>
Net Change in Fund Balance	0	2,733,213	2,733,213	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>2,733,213</u>	<u>2,733,213</u>	<u>0</u>

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

SCOTT COUNTY

Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2021

UNAUDITED

	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.068554%	0.067146%	0.068327%	0.070148%	0.070651%	0.070706%	0.068285%
County's proportionate share of the net pension liability (asset)	\$ 10,132,581	12,998,685	12,020,067	11,667,696	11,744,594	12,629,858	10,555,514
Covered payroll	\$ 4,558,118	4,471,452	4,449,949	4,479,608	4,532,306	4,523,219	4,266,044
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.70%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

SCOTT COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2021
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 825,217	775,188	723,615	700,167	715,024	694,507	676,802
Contributions in relation to the contractually required contribution	<u>825,217</u>	<u>775,188</u>	<u>723,615</u>	<u>700,167</u>	<u>715,024</u>	<u>694,507</u>	<u>676,802</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 4,742,622	4,455,100	4,475,049	4,445,505	4,539,837	4,409,566	4,297,149
Contributions as a percentage of covered payroll	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%

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

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

SCOTT COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	American Recovery Fund
Net Changes in Fund Balances - Budgetary Basis	\$ 306,427	2,733,213
Increase (Decrease)		
Net adjustments for revenue accruals	(204,266)	(2,731,379)
Net adjustments for expenditure accruals	115,453	
Net Changes in Fund Balances - GAAP Basis	\$ 217,614	1,834

SCOTT COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

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 more closely.

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

2019

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

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

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

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

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

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

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

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

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

SCOTT COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

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

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

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

2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

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.

SCOTT COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SCOTT COUNTY

SUPPLEMENTARY INFORMATION

SCOTT COUNTY

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SCOTT COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2021

Operating Expenditures, Cash Basis:

Personal Services	\$	108,037
Contractual Services		828,255
Consumable Supplies		<u>3,136</u>

Solid Waste Cash Basis Operating Expenditures	939,428
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Full Cost Expenses:

Indirect administrative costs	41,822
Net effect of other accrued expenses	<u>2,596</u>

Solid Waste Full Cost Operating Expenses	\$ <u><u>983,846</u></u>
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SCOTT COUNTY

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SCOTT COUNTY

OTHER INFORMATION

SCOTT COUNTY

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SCOTT COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

Name	Position	Company	Bond
Jackie Bradford	Supervisor District 1	FCCI Insurance Group	\$100,000
Joe Mcgee	Supervisor District 2	FCCI Insurance Group	\$100,000
Steven Crotwell	Supervisor District 3	Western Surety Company	\$100,000
Johnny P. Harrell	Supervisor District 4	Western Surety Company	\$100,000
Wayne Cooksey	Supervisor District 5	FCCI Insurance Group	\$100,000
Lee Anne Livingston Palmer	Chancery Clerk	Western Surety Company	\$100,000
Kim Fultz	Receiving Clerk	Western Surety Company	\$75,000
Tommy Lee	Assistant Receiving Clerk	Western Surety Company	\$50,000
Terry Price	Assistant Receiving Clerk	Brierfield Company	\$50,000
Daniel Griffin	Assistant Receiving Clerk	Western Surety Company	\$50,000
John D. Jones	Assistant Receiving Clerk	Western Surety Company	\$50,000
Vonda Shepherd	Assistant Receiving Clerk	FCCI Insurance Group	\$50,000
Eldridge Peterson	Assistant Receiving Clerk	FCCI Insurance Group	\$50,000
Jason Price	Purchase Clerk	FCCI Insurance Group	\$75,000
Charles Randall Burney	Inventory Control Clerk	Western Surety Company	\$75,000
Marilyn A. O'Banner	Solid Waste Clerk	FCCI Insurance Group	\$100,000
Elvie R. Gray	Circuit Clerk	FCCI Insurance Group	\$100,000
Ebone Leverette	Deputy Circuit Clerk	FCCI Insurance Group	\$50,000
Patricia Holder	Deputy Circuit Clerk	Western Surety Company	\$50,000
Sharkiria Kimble	Deputy Circuit Clerk	FCCI Insurance Group	\$50,000
Richard Prestage	Constable	Western Surety Company	\$50,000
Scotty Yarbrough	Constable	Western Surety Company	\$50,000
Mike Lee	Sheriff	FCCI Insurance Group	\$100,000
Willie J. Anderson	Sheriff's Deputy	FCCI Insurance Group	\$50,000
Brad Ellis	Sheriff's Deputy	Western Surety Company	\$50,000
Richard Gregory	Sheriff's Deputy	RLI Corp	\$50,000
Richard Gregory, Jr.	Sheriff's Deputy	Western Surety Company	\$50,000
Marcus G. Lingle	Sheriff's Deputy	Western Surety Company	\$50,000
Joel Lingle	Sheriff's Deputy	FCCI Insurance Group	\$50,000
Michael Manning	Sheriff's Deputy	Western Surety Company	\$50,000
Seth McDaniel	Sheriff's Deputy	FCCI Insurance Group	\$50,000
Timothy Lloyd	Sheriff's Deputy	FCCI Insurance Group	\$50,000
Jeffery Pitts	Sheriff's Deputy	Western Surety Company	\$50,000
Justin McDill	Sheriff's Deputy	Western Surety Company	\$50,000
Michael Townsend	Sheriff's Deputy	Western Surety Company	\$50,000
Ethan Harrell	Sheriff's Deputy	FCCI Insurance Group	\$50,000
Joseph Rigby	Sheriff's Deputy	FCCI Insurance Group	\$50,000
Bryant Creel	Sheriff's Deputy	Western Surety Company	\$50,000
Julian Parker	Sheriff's Deputy	RLI Corp	\$50,000
Billy Preston Patrick	Sheriff's Deputy	Western Surety Company	\$50,000
Donald Simpson	Sheriff's Deputy	Western Surety Company	\$50,000
Norlyne Taylor	Sheriff's Deputy	RLI Corp	\$50,000
Kennedy Warnsley	Sheriff's Deputy	Western Surety Company	\$50,000

SCOTT COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

Name	Position	Company	Bond
Jon Coty May	Sheriff's Deputy	Western Surety Company	\$50,000
Chris Gray	Sheriff's Deputy	Western Surety Company	\$50,000
Brandon Smith	Sheriff's Deputy	Western Surety Company	\$50,000
Adam McCurdy	Justice Court Judge	Western Surety Company	\$50,000
Bill Freeman	Justice Court Judge	Western Surety Company	\$50,000
Betty Odom	Justice Court Clerk	The Travelers Companies	\$50,000
Deloise Darby	Deputy Justice Court Clerk	FCCI Insurance Group	\$50,000
Lisa White	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Heather Street (Haralson)	Deputy Justice Court Clerk	FCCI Insurance Group	\$50,000
Alison Crapps	Tax Collector/Assessor	Western Surety Company	\$100,000
Gwendolyn Myers	Deputy Tax Collector	FCCI Insurance Group	\$50,000
Cassandra Goss	Deputy Tax Collector	FCCI Insurance Group	\$50,000
Shameka Spivey Longmire	Deputy Tax Collector	Western Surety Company	\$50,000
Erica Bennett	Deputy Tax Collector	FCCI Insurance Group	\$50,000
Josie Green	Deputy Tax Collector	Western Surety Company	\$50,000
Charnell Sharp	Deputy Tax Assessor	FCCI Insurance Group	\$10,000
Doneshia Moore	Deputy Tax Collector	Western Surety Company	\$50,000

SCOTT COUNTY

SPECIAL REPORTS

SCOTT COUNTY

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

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

Members of the Board of Supervisors
Scott 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 Scott County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 8, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott County, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 Scott 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2021-001, 2021-002, 2021-003, and 2021-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2021-001.

We also noted certain matters, which we have reported to the management of Scott County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated May 8, 2023, included within this document.

Scott County's Responses to Findings

Scott County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Scott 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 8, 2023



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

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

Members of the Board of Supervisors
Scott County, Mississippi

We have examined Scott 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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. The Board of Supervisors of Scott 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 Scott 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.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Purchase Clerk.

1. The Purchase Clerk was not bonded correctly.

Repeat Finding No

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires each Purchase Clerk to execute a bond in a penalty not less than \$100,000 to be payable, conditioned and approved as provided by law.

Condition The Purchase Clerk was bonded for \$75,000 instead of \$100,000 for fiscal year 2021.

Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
Recommendation	The Purchase Clerk should increase the bond to \$100,000.
Views of Responsible Official(s)	I was unaware of the changes made to the bond amount for Purchasing Clerks. We have reached out to our bond associates and updated to the new amount as of October 26, 2022.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Scott County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

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, Mississippi Code of 1972 Annotated*. 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.

Scott County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating Scott 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 8, 2023

SCOTT COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

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

SCOTT COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

Our tests did not identify any emergency purchases.

SCOTT COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
04/15/2021	Exterior spray and undercoat protective coating	\$	6,500	Line-X

SCOTT COUNTY

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Scott County, Mississippi

In planning and performing our audit of the financial statements of Scott County, Mississippi for the year ended September 30, 2021, we considered Scott 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 Scott County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 8, 2023, on the financial statements of Scott 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, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Chancery Clerk.

1. The Chancery Clerk should perform monthly bank reconciliations.

Repeat Finding No

Criteria An effective system of internal control over the collection, recording and disbursement of cash in the Chancery Clerk's office should include a reconciliation of the bank account to the cash journal on a monthly basis.

Condition It was noted the Chancery Clerk's land redemption bank account had not been reconciled to the cash journal. An October 2022 cash count revealed a net cash overage of \$445.

Cause The Chancery Clerk failed to reconcile the bank account to the cash journal on a monthly basis.

Effect Failure to reconcile the bank account to the cash journal could result in the loss or misuse of public funds.

Recommendation The Chancery Clerk should properly maintain a cash journal, ensuring that it reconciles to the bank account on a monthly basis.

Views of Responsible Official(s) A portion of the overage is the interest paid on the account each month. The amount of this \$445 that is interest is \$109.02. The remaining \$335.98 amount could possibly be an older check listed as not cleared, but I will continue to research this overage amount in this account.

Scott County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 8, 2023

SCOTT COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

SCOTT COUNTY

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SCOTT COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
General Fund	Unmodified
American Recovery Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Material Weakness

Material Noncompliance

2021-001. The Tax Collector should make daily deposits

Repeat Finding Yes

Criteria An effective system of internal control over cash should include daily bank deposits. Additionally, *Section 25-1-72, Mississippi Code of 1972 Annotated*, requires all county officers who receive funds payable into the county treasury to deposit such funds into the county depository on the day they are collected or on the next business day.

Condition As reported in the prior three years' audit reports, we noted that bank deposits were not being made on a daily basis in the Tax Collector's office, with as many as five business days between receipt and deposit of funds.

Cause The Tax Collector failed to make timely deposits.

Effect Failure to have adequate controls in place could result in the loss or misappropriation of public funds.

Recommendation The Tax Collector should implement controls to ensure that bank deposits are made on a daily basis.

Views of Responsible Official(s)

During the audit period, the office was staffed with a skeleton crew only due to COVID. Deposits were delayed due to that. In the future we will work to make deposits in a timely manner.

SCOTT COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2021

Material Weakness

2021-002.	<u>The Tax Collector should maintain a cash journal and reconcile it monthly.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over the collection, recording and disbursement of cash in the Tax Collector's office should include proper maintenance of a cash journal and reconciliation of the bank statement to the cash journal on a monthly basis.
Condition	As reported in the prior thirteen years' audit reports, it was noted that the Tax Collector did not maintain a cash journal and therefore had not reconciled the bank statement to the cash journal. A cash count that was performed during the audit revealed an unidentified difference between the cash journal and the bank reconciliation.
Cause	The cash collections and disbursements were not correctly entered into the accounting system from which the cash journal is generated. This has caused large unidentified differences between the monthly cash journals and bank statements.
Effect	Failure to reconcile the bank account to the cash journal could result in making incorrect settlements of taxes collected to the County and other entities for which the Tax Collector collects taxes, as well as the loss or misuse of public funds.
Recommendation	The Tax Collector should maintain a cash journal and correctly make and record all deposits when they are received. The cash journal should be reconciled to the bank statements on a monthly basis.
Views of Responsible Official(s)	We are implementing a new cash journal and still in the learning process. The cash journal spreadsheet will be fully implemented by next audit.

Material Weakness

2021-003.	<u>Controls over cash collections in the Tax Collector's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls over the collection, recording and disbursement of cash in the Tax Collector's office should include an adequate segregation of duties.
Condition	As reported in the prior eight years' audit reports, the cash collections and disbursement functions in the Tax Collector's Office were not adequately segregated for effective internal controls. The bookkeeper reconciles cash collections and receipts, prepares bank deposits, posts to the cash journal, writes all checks for disbursements and is responsible for reconciling the bank statements.
Cause	The Tax Collector lacked the necessary internal controls.
Effect	Failure to have an adequate segregation of duties could result in the loss of public funds.
Recommendation	The Tax Collector should take steps to ensure there is an adequate segregation of duties in the collection and disbursement functions of the office.

SCOTT COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2021

**Views of Responsible
Official(s)**

With limited staff there is only limited abilities to divide duties. Clerks balance individual drawers, bookkeeper verifies and prepares deposits then another clerk takes the deposit to the bank. The reconciliation and cash journal are verified by myself and checks can only be signed by me. Controls are in place to ensure monies are accounted for accurately.

Material Weakness

2021-004. The Tax Collector should perform monthly bank reconciliations.

Repeat Finding Yes

Criteria An effective system of internal control over the collection, recording and disbursement of cash in the Tax Collector's office should include a reconciliation of the bank account to the cash journal on a monthly basis.

Condition As reported in the prior three years' audit reports, it was noted that the Tax Collector was not reconciling the bank account to the cash journal. An October 2022 cash count revealed a net cash shortage of \$851.

Cause The Tax Collector failed to reconcile the bank account to the cash journal on a monthly basis.

Effect Failure to reconcile the bank account to the cash journal could result in the loss or misuse of public funds.

Recommendation The Tax Collector should properly maintain a cash journal, ensuring that it reconciles to the bank account on a monthly basis.

**Views of Responsible
Official(s)**

We are currently implementing a new spreadsheet to reconcile the cash journal and bank account monthly. The spreadsheet was in the process of being completed and will be fully implemented by next audit.