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SCOTT COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



SCOTT COUNTY

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SCOTT COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Scott County, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of Proportionate Share of the Net Pension

Liability, and Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 this 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 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 Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic

financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, 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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 31, 2024

SCOTT COUNTY

FINANCIAL STATEMENTS

SCOTT COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	<u>Primary Government</u> <u>Governmental Activities</u>
ASSETS	
Cash	\$ 21,196,794
Property tax receivable	11,402,050
Accounts receivable (net of allowance for uncollectibles of \$2,357,117)	257,709
Fines receivable (net of allowance for uncollectibles of \$2,933,163)	601,941
Intergovernmental receivables	196,851
Capital Assets:	
Land and construction in progress	1,347,164
Other capital assets, net	27,150,919
Total Assets	<u>62,153,428</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,783,600
Deferred amount on refunding	394,015
Total Deferred Outflows of Resources	<u>2,177,615</u>
LIABILITIES	
Claims payable	2,033,959
Intergovernmental payables	227,086
Accrued interest payable	64,278
Other payables	7,568
Long-term liabilities	
Due within one year:	
Leases payable	84,814
Capital debt	1,911,817
Due in more than one year:	
Leases payable	34,213
Capital debt	8,951,295
Non-Capital debt	258,385
Net pension liability	14,099,793
Total Liabilities	<u>27,673,208</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	51,289
Deferred revenues - property taxes	11,402,050
Total Deferred Inflows of Resources	<u>11,453,339</u>
NET POSITION	
Net investment in capital assets	17,909,959
Restricted for:	
Expendable:	
General government	124,185
Public safety	561,776
Public works	8,495,643
Unemployment compensation	214,075
Debt service	2,523,796
Unrestricted	(4,624,938)
Total Net Position	<u><u>25,204,496</u></u>

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

SCOTT COUNTY
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 5,389,398	758,648	5,484,492		853,742
Public safety	5,640,207	640,960	369,064		(4,630,183)
Public works	8,923,740	542,442	5,364,979		(3,016,319)
Health and welfare	203,122		27,248		(175,874)
Culture and recreation	236,728				(236,728)
Conservation of natural resources	112,814				(112,814)
Economic development and assistance	131,270				(131,270)
Interest on long-term debt	287,935				(287,935)
Pension expense	977,021				(977,021)
Total Primary Government	<u>\$ 21,902,235</u>	<u>1,942,050</u>	<u>11,245,783</u>	<u>-</u>	<u>(8,714,402)</u>
General revenues:					
Property taxes				\$	11,007,273
Road & bridge privilege taxes					363,064
Grants and contributions not restricted to specific programs					281,503
In lieu taxes - Raytheon Company					445,695
Unrestricted interest/investment income					91,123
Miscellaneous					264,728
Total General Revenues					<u>12,453,386</u>
Changes in Net Position					<u>3,738,984</u>
Net Position - Beginning, as previously reported					21,473,278
Prior period adjustment					(7,766)
Net Position - Beginning, as restated					<u>21,465,512</u>
Net Position - Ending				\$	<u>25,204,496</u>

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

SCOTT COUNTY
Balance Sheet – Governmental Funds
September 30, 2022

Exhibit 3

	Major Funds			
	General Fund	American Recovery Fund	Special Projects Fund	Other Governmental Funds
				Total Governmental Funds
ASSETS				
Cash	\$ 7,602,130		3,204,049	10,390,615
Property tax receivable	7,720,000			3,682,050
Accounts receivable (net of allowance for uncollectibles of \$2,357,117)				257,709
Fines receivable (net of allowance for uncollectibles of \$2,933,163)	601,941			601,941
Intergovernmental receivables	196,851			196,851
Other receivables				-
Due from other funds				83,129
Total Assets	<u>16,120,922</u>	<u>-</u>	<u>3,204,049</u>	<u>14,413,503</u>
LIABILITIES				
Claims payable	339,919		805,665	888,375
Intergovernmental payables	218,986			2,033,959
Due to other funds	91,229			218,986
Amounts held in custody for others				91,229
Unearned Revenue				-
Other Payables	7,568			-
Total Liabilities	<u>657,702</u>	<u>-</u>	<u>805,665</u>	<u>7,568</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	7,720,000			3,682,050
Unavailable revenue-fines	601,941			11,402,050
Unavailable revenue-accounts receivable				601,941
Total Deferred Inflows of Resources	<u>8,321,941</u>	<u>-</u>	<u>-</u>	<u>257,709</u>
FUND BALANCE				
Restricted for:				
General government				124,185
Public safety				561,776
Public works			2,398,384	6,097,259
Unemployment compensation				214,075
Debt service				2,588,074
Unassigned	7,141,279			7,141,279
Total Fund Balances	<u>7,141,279</u>	<u>-</u>	<u>2,398,384</u>	<u>9,585,369</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,120,922</u>	<u>-</u>	<u>3,204,049</u>	<u>14,413,503</u>
				<u>33,738,474</u>

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

SCOTT COUNTY**Exhibit 3-1****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022**

	<u>Amount</u>
Total fund balance - Governmental Funds	\$ 19,125,032
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 \$17,406,963.	28,498,083
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	859,650
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(11,240,524)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(64,278)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(14,099,793)
Deferred amount on refunding	394,015
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	1,783,600
Deferred inflows of resources related to pensions	(51,289)
Total Net Position - Governmental Activities	<u>\$ 25,204,496</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, 2022

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	American Recovery Fund	Special Projects Fund		
REVENUES					
Property taxes	\$ 7,327,829			3,679,444	11,007,273
Road and bridge privilege taxes				363,064	363,064
Licenses, commissions and other revenue	388,595			19,676	408,271
Fines and forfeitures	537,594				537,594
In lieu taxes - Raytheon Company	445,695				445,695
Intergovernmental revenues	671,255	5,462,756		5,393,275	11,527,286
Charges for services	484,347			1,070,942	1,555,289
Interest income	61,475	7,596	624	21,428	91,123
Miscellaneous revenues	287,433			122,317	409,750
Total Revenues	10,204,223	5,470,352	624	10,670,146	26,345,345
EXPENDITURES					
Current:					
General government	4,019,423			28,732	4,048,155
Public safety	5,202,155		250,690	2,146,337	7,599,182
Public works		1,427,171	1,396,565	9,143,426	11,967,162
Health and welfare	178,539			839	179,378
Culture and recreation	236,728				236,728
Education					-
Conservation of natural resources	112,814				112,814
Economic development and assistance	131,270				131,270
Debt service:					
Principal	135,785			2,894,183	3,029,968
Interest	10,331			223,540	233,871
Total Expenditures	10,027,045	1,427,171	1,647,255	14,437,057	27,538,528
Excess of Revenues over (under) Expenditures	177,178	4,043,181	(1,646,631)	(3,766,911)	(1,193,183)
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				4,117,917	4,117,917
Proceeds from sale of capital assets	3,864			412,090	415,954
Transfers in			4,045,015	1,116,320	5,161,335
Transfers out	(400,000)	(4,045,015)		(716,320)	(5,161,335)
Total Other Financing Sources and Uses	(396,136)	(4,045,015)	4,045,015	4,930,007	4,533,871
Net Changes in Fund Balances	(218,958)	(1,834)	2,398,384	1,163,096	3,340,688
Fund Balances - Beginning	7,360,237	1,834		8,422,273	15,784,344
Fund Balances - Ending	\$ 7,141,279	-	2,398,384	9,585,369	19,125,032

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, 2022**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 3,340,688
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 outlay of \$6,034,579 exceeded depreciation of \$1,748,867 in the current period.	4,285,712
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$1,628,030, and the proceeds from the sale of capital assets of \$415,954 in the current period.	(2,043,984)
Fine revenue recognized on the modified accrual basis in the funds during the current year is decreased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(30,604)
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.	(528,500)
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 of debt repayment of \$3,029,968 was exceeded by debt proceeds of \$4,117,917.	(1,087,949)
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. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in compensated absences	(10,722)
Change in accrued interest payable	6,043
Amortization of bond premium	6,487
Amortization of deferred charges	(66,594)
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(977,021)
Recognition of contributions made for the current year	845,428
Change in Net Position of Governmental Activities	\$ <u><u>3,738,984</u></u>

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

SCOTT COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 184,995
Due from other funds	<u>8,100</u>
Total Assets	<u><u>193,095</u></u>
LIABILITIES	
Intergovernmental payables	<u>8,100</u>
Total Liabilities	\$ <u><u>8,100</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>184,995</u>
Total Net Position	\$ <u><u>184,995</u></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, 2022

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 1,681,824
Licenses and fees collected for State	<u>573,792</u>
Total Additions	<u><u>2,255,616</u></u>
DEDUCTIONS	
Payments of tax to other governments	1,543,675
Payments of licenses and fees to State	<u>526,946</u>
Total Deductions	<u><u>\$ 2,070,621</u></u>
Net increase (decrease) in fiduciary net position	184,995
Net Position - Beginning of year	<u>0</u>
Net Position - End of year	<u><u>\$ 184,995</u></u>

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

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 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 interfund 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.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

resources, fund balances, revenues, and expenditures/expenses. 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 the accumulation of financial resources from The American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

Special Projects Fund – This fund is used to account for monies from the accumulation of various financial resources for special projects on-going within the county.

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.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

FIDUCIARY FUND TYPE

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 Associations.

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

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

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

G. Interfund Transactions and Balances – Transactions between funds that represent 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 cost 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, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 years
Intangible assets	*	*

* Intangible assets for the County represent right to use leased assets, and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term "depreciation" includes the amortization of intangible assets.

I. Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period 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 matter 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 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period, 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 the revenue becomes available.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 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 10 for additional details.

J. 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.

K. Leases – The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The County uses the Federal Prime Borrowing Rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 8 for details.

L. 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 financed purchases 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.

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.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

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

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

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

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

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

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

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned or 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

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property; however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

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

P. 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.

Q. Changes in Accounting Standards – GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS.

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

Exhibit 2 - Statement of Activities

Explanation	Amount
To record GASB 87 right to use asset and related lease liability	\$ (7,766)
Total prior period adjustments	<u><u>\$ (7,766)</u></u>

NOTE 3 – DEPOSITS.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$21,381,789, and the bank balance was \$21,563,407. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOTE 4 – INTERFUND TRANSACTIONS AND BALANCES.

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 83,129
Custodial Funds	General Fund	8,100
Total		<u>\$ 91,229</u>

The receivables represent the tax revenue collected but not settled until October 2022. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Special Projects Fund	American Recovery Fund	\$ 4,045,015
Other Governmental Funds	General Fund	400,000
Other Governmental Funds	Other Governmental Funds	716,320
Total		<u>\$ 5,161,335</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, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.

At September 30, 2022, intergovernmental receivables consisted of:

<u>Governmental Activities:</u>	<u>Amount</u>
Legislative Tag Credit	\$ 196,851
 Total Governmental Activities	 \$ <u>196,851</u>

NOTE 6 – CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2022:

Governmental activities:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments *	Balance Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$ 560,784	-	-	-	560,784
Construction in progress	751,722	408,160	373,502	-	786,380
Total non-depreciable capital assets	<u>1,312,506</u>	<u>408,160</u>	<u>373,502</u>	<u>-</u>	<u>1,347,164</u>
Depreciable capital assets:					
Infrastructure	11,748,793	373,502	-	-	12,122,295
Buildings	16,081,671	-	-	-	16,081,671
Mobile equipment	7,712,367	5,199,217	2,575,008	4,870,540	15,207,116
Furniture and equipment	641,795	53,700	-	68,502	763,997
Leased property under capital leases	4,939,042	-	-	(4,939,042)	-
Intangible right to use equipment	-	-	-	382,803	382,803
Total depreciable capital assets	<u>41,123,668</u>	<u>5,626,419</u>	<u>2,575,008</u>	<u>382,803</u>	<u>44,557,882</u>
Less accumulated depreciation for:					
Infrastructure	3,148,729	322,680	-	-	3,471,409
Buildings	5,484,702	321,646	-	-	5,806,348
Mobile equipment	5,867,187	977,516	904,526	1,269,703	7,209,880
Furniture and equipment	583,087	48,449	-	18,028	649,564
Leased property under capital leases	1,287,731	-	-	(1,287,731)	-
Intangible right to use equipment	-	78,576	-	191,186	269,762
Total accumulated depreciation	<u>16,371,436</u>	<u>1,748,867</u>	<u>904,526</u>	<u>191,186</u>	<u>17,406,963</u>
Total depreciable capital assets, net	<u>24,752,232</u>	<u>3,877,552</u>	<u>1,670,482</u>	<u>191,617</u>	<u>27,150,919</u>
Governmental activities					
Capital assets, net	<u>\$ 26,064,738</u>	<u>4,285,712</u>	<u>2,043,984</u>	<u>191,617</u>	<u>28,498,083</u>
 Total capital assets, net, excluding intangible right to use assets					\$ 28,385,042
Intangible right to use assets, net					<u>113,041</u>
 Total capital assets, net, as reported in the statement of net position					<u>\$ 28,498,083</u>

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

*Adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category.

Depreciation expense was charged to the following functions:

Governmental Activities:	<u>Amount</u>
General government	\$ 176,683
Public safety	592,458
Public works	940,592
Health and welfare	<u>39,134</u>
Total governmental activities depreciation expense	<u>\$ 1,748,867</u>

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
McCurdy Road bridge replacement	\$ 40,945	December 2022
Pea Ridge Road bridge replacement	628,425	April 2024
Denson Road bridge replacement	389,390	March 2024

NOTE 7 – CLAIMS AND JUDGMENTS.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 8 – LEASES.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

The County is a lessee for various non-cancellable leases of buildings, equipment, etc. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized as a component of depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses the Federal Prime Borrowing Rate at lease inception as the discount rate for leases unless the rate that the lessor charges is known. The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The County, acting as lessee, has entered into various leases of equipment of which the details, including the lease terms, are described in the schedule below. For these leases, the County has recognized an intangible right to use asset. These lease are initially measured at the present value of payments expected to be made. The discount rates used for these leases were the Federal Prime Borrowing Rate at the lease inception.

As Lessee:

Lease Assets

	Balance 10/1/2021	Additions	Amortization	Adjustments	Balance 9/30/2022
Equipment	\$ -	-	78,576	191,617	113,041
Total	\$ -	-	78,576	191,617	113,041

See Note 6 for further details regarding intangible right-to-use assets, which represents leased assets.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Lease Liabilities

	Balance 10/1/2021	Additions	Principal Payments	Adjustments	Balance 9/30/2022
Right to Use Equipment	\$ -	-	80,366	199,393	119,027
Total	\$ -	-	80,366	199,393	119,027

The following schedule contains the details of leases of the County for right to use equipment:

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Ricoh Copier	4.75%	4 Years	11/21/2019	10/21/2023	\$ 194	\$ 2,454
Ricoh Copier	4.75%	4 Years	11/21/2019	10/21/2023	\$ 194	\$ 2,453
Ricoh Copier	4.75%	4 Years	2/3/2020	1/3/2024	\$ 209	\$ 3,234
Ricoh Copier	4.75%	4 Years	3/2/2020	2/2/2024	\$ 206	\$ 3,380
Ricoh Copier	4.75%	4 Years	6/22/2020	5/22/2024	\$ 117	\$ 2,246
Neopost	5.25%	5 Years	10/17/2018	9/17/2023	\$ 215	\$ 2,508
Computers	5.50%	5 Years	3/19/2019	2/19/2024	\$ 6,296	\$ 102,742
						<u>\$ 119,017</u>

The following is a schedule by years of the total payments due as of September 30, 2022:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 84,814	\$ 4,358
2024	34,203	467
Total	<u>\$ 119,017</u>	<u>\$ 4,825</u>

NOTE 9 – LONG TERM DEBT.

Debt outstanding as of September 30, 2022, consisted of the following:

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Governmental Activities:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
Series 2014 Refunding Bonds	\$ 4,880,000	2.00-3.50%	11/2027
G.O. Road & Bridge for District 2	400,000	1.13%	10/2025
G.O. Road & Bridge for District 3	400,000	1.13%	10/2025
G.O. Road & Bridge for District 4	80,000	1.13%	10/2025
Total General Obligation Bonds	<u>\$ 5,760,000</u>		
B. Financed Purchases:			
2019 Dodge Durangos (5)	14,155	3.44%	12/2022
2015 Peterbilt Pumpers (3)	144,962	2.48%	06/2025
2019 Dodge Ram 2500 Pickup	11,235	2.41%	04/2024
2020 Hamm HD Tandem Roller	91,097	2.41%	03/2026
2022 Weiler Paver	248,899	2.21%	05/2026
2020 New Holland Tractor/Cutter	45,741	1.93%	08/2025
(2) 2023 Kenworth Dump Trucks	443,150	3.64%	08/2027
2018 JD Tractor/Cutter	29,097	3.81%	11/2023
2020 John Deere 5100M Tractor	22,490	2.23%	09/2024
Kenworth Single Dump Truck T270	69,104	2.31%	04/2026
(2) 2023 Kenworth Dump Trucks	443,150	3.64%	08/2027
2022 Chevrolet Silverado	64,372	4.28%	08/2026
Mack Truck Refinanced	30,986	2.59%	01/2025
Kenworth K370 Truck	51,886	2.41%	04/2025
(2) 2023 Kenworth Dump Trucks	450,000	3.64%	08/2027
(1) 2023 Kenworth Dump Truck	129,013	2.59%	04/2027
2022 John Deere 5100 Tractor	31,381	3.73%	08/2026
2018 Cat Motor Grader	144,855	3.69%	12/2023
2011 Mack Truck	21,462	3.34%	02/2025
2020 John Deere 5100 Tractor	26,732	2.23%	09/2024
2022 John Deere 6105 Tractor	28,819	2.59%	04/2026
(2) 2023 Kenworth Dump Trucks	450,000	3.64%	09/2027
2019 Cat 140 M3 Motor Grader	182,398	4.07%	02/2024
2020 Kenworth Dump Truck	42,932	2.23%	09/2025
(2) John Deere 5100E Tractors	83,440	2.31%	06/2026
2022 John Deere 410L Tractor	65,428	2.59%	04/2027
2022 John Deere Tractor & Boom	60,820	2.59%	04/2027
(1) 2023 Kenworth Dump Truck	221,575	3.64%	08/2027
(1) 2023 Kenworth Dump Truck	225,000	3.64%	09/2027
Total Financed Purchases	<u>\$ 3,874,179</u>		
C. Other Loans:			
(3) 2022 Pierce Commercial Pumpers	\$ 1,190,558	3.00	08/2032
Total Other Loans	<u>\$ 1,190,558</u>		

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

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans		Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 985,000	127,038	113,527	37,000	813,290	115,594
2024	1,005,000	108,081	108,115	30,832	1,076,543	82,613
2025	1,020,000	87,775	111,404	27,544	739,726	54,316
2026	1,040,000	66,050	114,792	24,156	746,943	30,793
2027	840,000	38,625	118,284	20,664	497,677	9,144
2028-2032	870,000	11,963	624,436	47,143	-	-
Total	\$ 5,760,000	439,532	1,190,558	187,339	3,874,179	292,460

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 2.78% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 247,663	10,722	-		258,385	-
General obligation bonds	6,725,000	-	965,000		5,760,000	985,000
Premiums	44,872	-	6,487		38,385	
Capital Leases	2,931,422	-	-	(2,931,422)	-	-
Financed Purchases	-	2,918,778	1,976,021	2,931,422	3,874,179	813,290
Leases Payable	-	-	80,366	199,383	119,017	84,814
Other loans	-	1,199,139	8,581		1,190,558	113,527
Total	\$ 9,948,957	4,128,639	3,036,455	199,383	11,240,524	1,996,631

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

NOTE 10 – 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 Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

Contributions. At September 30, 2022, 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, 2022, 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, 2022, 2021 and 2020 were \$845,428, \$825,217, and \$775,188, 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, 2022, the County reported a liability of \$14,099,793 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 participation entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022, net

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

pension liability was 0.068522 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.000032 percent from its proportionate share used to calculate the September 30, 2021, net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$977,021. At September 30, 2022, 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	\$ 199,143	-
Net difference between projected and actual earnings on pension plan investments	731,361	-
Changes of assumptions	488,042	-
Changes in the proportion and differences between County contributions and proportionate share of contributions	127,832	51,289
County Contributions subsequent to the measurement date	237,222	-
	<u>\$ 1,783,600</u>	<u>51,289</u>

\$237,222 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2023	\$ 466,883
2024	380,736
2025	(117,624)
2026	765,094
Total	<u>\$ 1,495,089</u>

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. 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 for service retirees 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 the 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.

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	<u>100.00 %</u>	

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:

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

		1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$	18,401,669	14,099,793	10,553,114

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

NOTE 11 – CONTINGENCIES.

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

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.

NOTE 12 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' deficit unrestricted net position amount of (\$4,624,938) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$237,222 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, 2023. The \$1,546,378 balance of deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$51,289 balance of the deferred inflow of resources related to pension at September 30, 2022, will be recognized in pension expense over the next three years.

The governmental activities' net investment in capital assets amount of \$17,909,959 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$394,015 balance of deferred outflows of resources at September 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over the next five years.

NOTE 13 – 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 Annotated (1972)*, to operate the Central Mississippi Regional Library

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 \$236,728 in fiscal year 2022. 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 \$44,386 for support of the Coliseum in fiscal year 2022.

NOTE 14 – 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 Trustees. The County levy collected in 2022 the following amounts: \$496,753 for maintenance and support and \$149,231 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 Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott, and Smith. The Scott County Board of Supervisors appoints one of the 15 members of the board of directors. The County provided \$16,284 for support of the district in fiscal year 2022.

Region Ten, Weems Community Mental Health 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 fiscal year 2022.

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 from each of the six-member counties. The County appropriated \$45,750 for support to the district in fiscal year 2022.

NOTE 15 – TAX ABATEMENTS

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of September 30, 2022, Scott County provides 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 property taxes and personal property taxes, with the exception of levies involving the school, the mandatory one mill, and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Mississippi Code Annotated (1972). These exemptions encourage business to locate or expand operations in the County and to create jobs. The County had abatements under the above code sections, which do not provide for the abatement of school or state tax levies:

Category	Fiscal Year 2022	
	% of Taxes Abated	Amount of Taxes Abated
Various retail, production and manufacturing companies	100	\$ 2,440,381

NOTE 16 – SUBSEQUENT EVENTS.

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Scott County evaluated the activity of the County through January 31, 2024, (the date the financial statements were available to be issued) and determined that the following events occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligations:

SCOTT COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/25/2022	4.47%	168,966	Financed purchase	Ad valorem taxes
1/18/2023	5.59%	43,550	Financed purchase	Ad valorem taxes
2/13/2023	4.60%	33,935	Financed purchase	Ad valorem taxes
2/13/2023	4.54%	188,364	Financed purchase	Ad valorem taxes
3/23/2023	4.99%	203,745	Financed purchase	Ad valorem taxes
3/23/2023	4.99%	30,000	Financed purchase	Ad valorem taxes
3/23/2023	4.99%	48,425	Financed purchase	Ad valorem taxes
4/5/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
6/22/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
7/11/2023	4.99%	230,000	Financed purchase	Ad valorem taxes
10/4/2023	5.96%	23,081	Financed purchase	Ad valorem taxes

SCOTT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCOTT COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2022

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,311,500	7,331,181	7,331,181	-
Licenses, commissions and other revenue	748,250	827,185	827,185	-
Fines and forfeitures	255,500	529,269	529,269	-
Intergovernmental revenues	613,500	705,837	705,837	-
Charges for services	365,000	517,395	517,395	-
Interest income	99,100	62,434	62,434	-
Miscellaneous revenues	130,000	287,433	287,433	-
Total Revenues	9,522,850	10,260,734	10,260,734	-
EXPENDITURES				
General government	4,815,104	4,166,585	4,166,585	-
Public safety	4,969,290	5,240,174	5,240,174	-
Health and welfare	173,300	172,570	172,570	-
Culture and recreation	236,728	236,728	236,728	-
Conservation of natural resources	125,000	105,277	105,277	-
Economic development and assistance	151,984	106,420	106,420	-
Debt service	57,600	56,944	56,944	-
Total Expenditures	10,529,006	10,084,698	10,084,698	-
Excess of Revenues over (under) Expenditures	(1,006,156)	176,036	176,036	-
OTHER FINANCING SOURCES (USES)				
Sources	-	3,864	3,864	-
Uses	-	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	-	(396,136)	(396,136)	-
Net Change in Fund Balance	(1,006,156)	(220,100)	(220,100)	-
Fund Balance - Beginning	5,015,321	7,056,934	7,056,934	-
Fund Balance - Ending	\$ 4,009,165	6,836,834	6,836,834	-

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, 2022

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	2,700,000	2,731,378	2,731,378	-
Interest income	25,000	7,595	7,595	-
Total Revenues	2,725,000	2,738,973	2,738,973	-
EXPENDITURES				
General government	2,400,000	-	-	-
Public works	-	1,427,171	1,427,171	-
Total Expenditures	2,400,000	1,427,171	1,427,171	-
Excess of Revenues over (under) Expenditures	325,000	1,311,802	1,311,802	-
OTHER FINANCING SOURCES (USES)				
Uses	-	(4,045,015)	(4,045,015)	-
Total Other Financing Sources (Uses)	-	(4,045,015)	(4,045,015)	-
Net Change in Fund Balance	325,000	(2,733,213)	(2,733,213)	-
Fund Balance - Beginning	-	2,733,213	2,733,213	-
Fund Balance - Ending	\$ 325,000	-	-	-

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)
Special Projects Fund
For the Year Ended September 30, 2022

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	-	-	-	-
Interest income	-	624	624	-
Total Revenues	-	624	624	-
EXPENDITURES				
Public works	-	841,590	841,590	-
Total Expenditures	-	841,590	841,590	-
Excess of Revenues over (under) Expenditures	-	(840,966)	(840,966)	-
OTHER FINANCING SOURCES (USES)				
Sources	-	4,045,015	4,045,015	-
Total Other Financing Sources (Uses)	-	4,045,015	4,045,015	-
Net Change in Fund Balance	-	3,204,049	3,204,049	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	3,204,049	3,204,049	-

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

SCOTT COUNTY
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2022

UNAUDITED

Scott County	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.068522%	0.068554%	0.067146%	0.068327%	0.070148%	0.070651%	0.070706%	0.068285%
County's proportionate share of the net pension liability (asset)	\$ 14,099,793	10,132,581	12,998,685	12,020,067	11,667,696	11,744,594	12,629,858	10,555,514
County's covered payroll	\$ 4,717,296	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	298.90%	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	59.93%	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 Pension Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2022

UNAUDITED

Scott County	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 845,428	825,217	775,188	723,615	700,167	715,024	694,507	676,802
Contributions in relation to the contractually required contribution	<u>845,428</u>	<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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,858,778	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%	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, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

UNAUDITED

Budgetary Comparison Schedule

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and 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 Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

SCOTT COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

UNAUDITED

	General Fund	American Recovery Fund	Special Projects Fund
Budget (Cash basis)	\$ (220,100)	(2,733,213)	3,204,049
Increase (Decrease)			
Net adjustments for revenue accruals	(56,511)	2,731,379	0
Net adjustments for expenditure accruals	57,653	0	(805,665)
GAAP Basis	\$ <u>(218,958)</u>	<u>(1,834)</u>	<u>2,398,384</u>

Pension Schedules

A. 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.

B. 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

SCOTT COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

UNAUDITED

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 were reduced from 3.75% to 3.25%

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

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

2019

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

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

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

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

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

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

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

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

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

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

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

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

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 the female rates up to age 72, 100% for ages above 76.

SCOTT COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

UNAUDITED

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 more closely reflect actual experience.

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 decreased from 6% to 4%.

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020, valuation for the June 30, 2022, 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	27.7 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
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying	Federal Expenditures
U.S. Department of Agriculture-Forest Service			
Passed-through the Mississippi State Treasurer's Office			
School and Roads-grants to states	10.665	None	562,439
Total Passed-through the Mississippi State Treasurer's Office			562,439
Total U.S. Department of Agriculture-Forest Service			562,439
U.S. Department of Justice			
Passed-through the Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant	16.738	20LB1621	4,105
Total Passed-through the Mississippi Department of Public Safety			4,105
Total U.S. Department of Justice			4,105
U.S. Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds *	21.027	N/A	5,462,756
Total U.S. Department of the Treasury			5,462,756
U.S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Emergency Management Performance Grant Program	97.042	EMPGFY22	27,354
Total Passed-through the Mississippi Emergency Management Agency			27,354
Passed-through the Mississippi Department of Public Safety			
Homeland Security Grant Program	97.067	20ES62	6,700
Homeland Security Grant Program	97.067	FY21HSGP	16,419
Total Passed-through the Mississippi Department of Public Safety			23,119
Total U.S. Department of Homeland Security			50,473
Total for All Federal Awards			\$ 6,079,773

* Denotes Major Federal Award Program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Scott County under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Scott County it is not intended to and does not present the financial position, changes in net position or cash flows of Scott County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

SCOTT COUNTY

Reconciliation of Operating Costs of Solid Waste

For the Year Ended September 30, 2022

Operating Expenditures, Cash Basis

Personal Services	\$ 114,408
Contractual services	993,988
Consumable supplies	<u>2,604</u>

Solid Waste Cash Basis Operating Expenditures	1,111,000
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Full Cost Expenses:

Indirect administrative costs	37,830
Net effect of other accrued expenses	<u>19,968</u>

Solid Waste Full Cost Operating Expenses	<u><u>\$ 1,168,798</u></u>
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SCOTT COUNTY

OTHER INFORMATION

SCOTT COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2022
UNAUDITED

Name	Position	Company	Bond
Jackie Bradford	Supervisor District 1	FCCI Insurance	100,000
Joe McGee	Supervisor District 2	FCCI Insurance	100,000
Steven Crotwell	Supervisor District 3	Western Surety	100,000
Johnny P. Harrell	Supervisor District 4	Western Surety	100,000
Wayne Cooksey	Supervisor District 5	FCCI Insurance	100,000
Lee Anne Livingston Palmer	Chancery Clerk	Western Surety	100,000
Joshua Sutton	County Administrator	Western Surety	100,000
Kim Fultz	Receiving Clerk	Western Surety	75,000
Terry Qualls	Asst. Receiving Clerk	FCCI Insurance	50,000
Terry Price	Asst. Receiving Clerk	FCCI Insurance	50,000
Daniel Griffin	Asst. Receiving Clerk	Western Surety	50,000
Vonda Shepherd	Asst. Receiving Clerk	FCCI Insurance	50,000
Eldridge Peterson	Asst. Receiving Clerk	FCCI Insurance	50,000
Michael Craig	Asst. Receiving Clerk	Western Surety	50,000
Bobby Craft	Asst. Receiving Clerk	FCCI Insurance	50,000
Alison Crapps	Tax Collector/Assessor	Western Surety	100,000
Gwendolyn Myers	Deputy Tax Collector	FCCI Insurance	50,000
Cassandra Goss	Deputy Tax Collector	FCCI Insurance	50,000
Shameka Spivey Longmire	Deputy Tax Collector	Western Surety	50,000
Erica Bennett	Deputy Tax Collector	FCCI Insurance	50,000
Josie Green	Deputy Tax Collector	Western Surety	50,000
Doneshia Moore	Deputy Tax Collector	Western Surety	50,000
Charnell Sharp	Deputy Tax Assessor	FCCI Insurance	10,000
Jason Price	Purchase Clerk	FCCI Insurance	100,000
Charles Randall Burney	Inventory Control Clerk	Western Surety	75,000
Elvie R. Gray	Circuit Clerk	FCCI Insurance	100,000
Patricia Holder	Deputy Circuit Clerk	Western Surety	50,000
Sharkiria Kimble	Deputy Circuit Clerk	FCCI Insurance	50,000
Richard Prestage	Constable	Western Surety	50,000
Scotty Yarbrough	Constable	Western Surety	50,000
Mike Lee	Sheriff	FCCI Insurance	100,000
Adam McCurdy	Justice Court Judge	Western Surety	50,000
Bill Freeman	Justice Court Judge	Western Surety	50,000
Betty Odom	Justice Court Clerk	The Travelers Co.	50,000
Deloise Darby	Deputy Justice Court Clerk	FCCI Insurance	50,000
Lisa White	Deputy Justice Court Clerk	Western Surety	50,000
Heather Street Haralson	Deputy Justice Court Clerk	FCCI Insurance	50,000

SCOTT COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Scott County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 2024.

Report on 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 were not identified. We identified certain deficiencies in internal controls, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001, 2022-002, 2022-003, and 2022-004 that we consider to be material weaknesses.

Report on 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 financial statements. 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 Questioned Costs as item 2022-001.

We also noted certain matters, which we have reported to the management of Scott County, Mississippi in the Limited Internal Control and Compliance Review Management Report dated January 31, 2024, included within this document.

Scott County's Responses to Findings

Government Auditing Standards required the auditor to perform limited procedures on Scott County, Mississippi's responses to the findings identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Scott County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 31, 2024

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

Members of the Board of Supervisors
Scott County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Scott County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Scott County, Mississippi's major federal program for the year ended September 30, 2022. Scott County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Scott County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Scott County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Scott County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Scott County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Scott County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Scott County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Scott County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Scott County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Scott County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
January 31, 2024

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

Members of the Board of Supervisors
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, Miss. Code Ann. (1972)* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Miss. Code Ann. (1972)* during the year ended September 30, 2022. 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 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.

In our opinion, Scott County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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

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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 31, 2024

SCOTT COUNTYSchedule 1**Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2022**

Date	Item	Bid Accepted	Vendor	Lowest Bid	Reason for accepting other than Lowest Bid
11/16/2021	Isuzu Engine	\$ 17,304	Clarke Power Service	\$ 16,404	Warranty
9/20/2022	(2) Drones	\$ 14,895	DSLR Pro	\$ 13,480	Warranty

SCOTT COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2022

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
9/6/2022	Roof Repair	\$ 26,649	M&M Roofing and Repair, LLC	Flooding Emergency

SCOTT COUNTYSchedule 3**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2022**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/18/2021	7,804 Gallons AC 10	\$ 18,170	Hunt Southland Refining Company

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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, 2022, 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 January 31, 2024, 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, Miss. Code Ann. (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Board of Supervisors.

1. All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.

Repeat Finding	No
Criteria	<i>Section 65-7-117, Mississippi Code Annotated (1972), states that, "Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years."</i>
Condition	During the course of our testing we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits from the supervisors were filed to document that they had examined the roads and bridges annually.
Cause	Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done.
Effect	Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner.
Recommendation	The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and file an affidavit with the Clerk of the Board for inclusion in the minutes or certify having done so on the minutes.
Response	The Board will file affidavits with the clerk attesting the inspection of county roads and bridges.

Board of Supervisors and Justice Court Clerk

2.	<u>Public Officials Should Ensure Compliance with State Law over Depositories</u>
Repeat Finding	No
Criteria	<i>Section 27-105-371, Mississippi Code Annotated (1972), states, "All county officials who receive funds under the authority of their office shall deposit such funds into a county depository...."</i>
Condition	<p>During the course of our audit, we noted that the Board of Supervisors approved Community Bank of Mississippi, Bank of Forest, Bank of Morton, and Priority One Bank as the depositories effective January 3, 2022, but we also noted that the following account was held at a bank other than those approved as the county depositories as of September 30, 2022:</p> <ul style="list-style-type: none"> • The Citizens Bank

- Justice Court Clerks Criminal & Civil Clearing Account

Cause	Public officials are maintaining a public depositor account at an institution other than those approved by the Board.
Effect	Maintaining bank accounts at financial institutions other than the depositories approved by the Board of Supervisors results in noncompliance with State law and could result in the loss of public funds.
Recommendation	We recommend that either the Board of Supervisors approves the additional institution as one of the county's depositories or that public officials maintain all accounts at the depositories approved by the Board.
Response	The board will advertise for county depositories in November of 2024. After receiving a bid for Citizens Bank, we will add them as an additional depository.

Solid Waste Clerk

3. The Solid Waste Clerk Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.

Repeat Finding	No
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972), states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."</i>
Condition	During the course of our audit, we noted that ten (10) out of twenty (20) deposits tested were not made in a timely manner.
Cause	These delays are due to inadequate internal controls surrounding the statutory requirement for the depositing of revenue collected in the Solid Waste Office.
Effect	Failure to have adequate controls in place could result in the loss or misappropriation of public funds.
Recommendation	The Solid Waste Clerk should ensure that the deposits are being made in a timely manner as prescribed by statute.
Response	The solid waste office has one person working in that office, and for that reason a daily deposit may not be made. However, she will do her best to make her deposits more timely.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 31, 2024

SCOTT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SCOTT COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None reported |
| 3. Noncompliance material to the financial statements? | Yes |

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit finding disclosed that is required to be reported in accordance with CFR 200.516 (a)? | No |
| 7. Identification of major federal programs: | |
| ALN # 21.027, COVID-19 Coronavirus State and Local Fiscal Recovery Funds | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low risk auditee? | No |
| 10. Prior fiscal year findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511 (b)? | Yes |

SCOTT COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section 2: Financial Statement Findings

Tax Assessor-Collector.

Material Weakness
Material Noncompliance

2022-001. The Tax Collector should make daily deposits

Repeat Finding Yes, 2021, 2020, 2019, 2018

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 four 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** See Auditee's Corrective Action Plan

Material Weakness

2022-002. The Tax Collector should maintain a cash journal and reconcile it monthly.

Repeat Finding Yes, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008

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.

SCOTT COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Condition	As reported in the prior fourteen 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 the 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	See Auditee's Corrective Action Plan
Material Weakness	
2022-003.	Controls over cash collections in the Tax Collector's office should be strengthened
Repeat Finding	Yes, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013
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 nine 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.

SCOTT COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

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.

Views of Responsible Official See Auditee's Corrective Action Plan

Material Weakness

2022-004. **The Tax Collector should perform monthly bank reconciliations.**

Repeat Finding Yes, 2021, 2020, 2019, 2018

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 four years' audit reports, it was noted that the Tax Collector was not reconciling the bank account to the cash journal. An October 2022 cash journal 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 See Auditee's Corrective Action Plan

Section 3: Federal Award Findings and Questioned Costs

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

SCOTT COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

SCOTT COUNTY BOARD OF SUPERVISORS

SCOTTCOUNTYMS.GOV

January 31, 2024

MICHAEL ROBINSON

-District 1-

JOE MCGEE

-District 2-

STEVEN CROTWELL

-District 3-

JOHNNY HARRELL

-District 4-

TOMMY HARRISON

-District 5-

ROY NOBLE LEE, JR

Board Attorney

601-469-2721

nlee@leeandlepa.com

KIM FULTZ

Comptroller

601-469-1926

kim@scottcountymys.gov

TOM MILES

Clerk of the Board

601-469-1922

scottchancery@scottcountymys.gov

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, Mississippi 39180

To Whom It May Concern:

Scott County respectfully submits the following corrective action plan for the year ended September 30, 2022.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results does not include findings and is not addressed.

2022-001. Corrective Action Planned:

As discussed with auditor, the bookkeeper and myself had some days we were out with Covid, and deposits were delayed. Normally deposits are made timely. In the future, we will work to make deposits in a timely manner.

Anticipated Completion Date:

September 30, 2023

Name and Contact Person Responsible for Corrective Action:

Alison Crapps, Tax Collector; Phone Number: 601.469.4051

2022-002. Corrective Action Planned:

After clarified directions on how to properly complete this process, this issue should be rectified.

Anticipated Completion Date:

September 30, 2023

Name and Contact Person Responsible for Corrective Action:

Alison Crapps, Tax Collector; Phone Number: 601.469.4051

2022-003. Corrective Action Planned:

Auditor explained process we need to follow in order to properly segregate duties which has been implemented.

Anticipated Completion Date:

September 30, 2023

Name and Contact Person Responsible for Corrective Action:

Alison Crapps, Tax Collector; Phone Number: 601.469.4051

2022-004. Corrective Action Planned:

Issue has been addressed and moving forward reconciliation will be done monthly.

Anticipated Completion Date:

September 30, 2023

Name and Contact Person Responsible for Corrective Action:

Alison Crapps, Tax Collector; Phone Number: 601.469.4051

SCOTT COUNTY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

SCOTT COUNTY BOARD OF SUPERVISORS

SCOTTCOUNTYMS.GOV

MICHAEL ROBINSON
-District 1-
JOE MCGEE
-District 2-
STEVEN CROTWELL
-District 3-
JOHNNY HARRELL
-District 4-
TOMMY HARRISON
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Clerk of the Board
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Summary Schedule of Prior Year Audit Findings

Finding Number	Finding Summary	Status	Additional Information
2021-001 (Originally 2018-003; Initial Year of Finding)	The Tax Collector should make daily deposits.	Not Corrected (See Finding 2022-001)	As discussed with auditor, the bookkeeper and myself had some days we were out with Covid, and deposits were delayed. Normally deposits are made timely. In the future, we will work to make deposits in a timely manner.
2021-002 (Originally 2008-001; Initial Year of Finding)	The Tax Collector should maintain a cash journal and reconcile it monthly.	Not Corrected (See Finding 2022-002)	After clarified directions on how to properly complete this process, this issue should be rectified.
2021-003 (Originally 2013-007; Initial Year of Finding)	Controls over cash collections in the Tax Collector's office should be strengthened.	Not Corrected (See Finding 2022-003)	Auditor explained process we need to follow in order to properly segregate duties which has been implemented.
2021-004 (Originally 2018-002; Initial Year of Finding)	The Tax Collector should perform monthly bank reconciliations.	Not Corrected (See Finding 2022-004)	Issue has been addressed and moving forward reconciliation will be done monthly.