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Claiborne County, Mississippi
Audited Financial Statements
and Special Reports
For the Year Ended
September 30, 2017

Fortenberry & Ballard, PC
Certified Public Accountants

Claiborne County Location in Mississippi



Claiborne County was established on January 27, 1802 from Jefferson County. The County was name in honor of William C. Claiborne, first governor of Louisiana and second governor or Mississippi Territory. The County seat is located in Port Gibson. The bordering Counties are: Warren, Hinds, Copiah, Jefferson and Tensas Parish (Louisiana - west). According to the 2010 census, the population was 9,604.

Claiborne County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Claiborne County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Claiborne County, Mississippi (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
Road Fund	Unmodified
State Aid Road Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate remaining fund information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of Claiborne County, Mississippi, as of September 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Claiborne County, Mississippi, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2020, on our consideration of the Claiborne 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 the Claiborne County'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 Claiborne County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
May 8, 2020

Certified Public Accountants

FINANCIAL STATEMENTS

CLAIBORNE COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government
	Governmental Activities
ASSETS	
Cash	\$ 3,931,545
Property tax receivable	3,627,803
Fines receivable (net of allowance for uncollectibles of \$144,846)	256,830
Loans receivable (net of allowance for uncollectibles of \$125,000)	1,195,411
Intergovernmental receivables	253,330
Other receivables	151,542
Capital assets:	
Land and construction in progress	1,074,556
Other capital assets, net	17,771,659
Total Assets	<u>28,262,676</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,234,708
Total Deferred Outflows of Resources	<u>1,234,708</u>
LIABILITIES	
Claims payable	522,975
Intergovernmental payables	79,380
Accrued interest payable	109,705
Amounts held in custody for others	54,350
Long-term liabilities	
Due within one year:	
Capital debt	569,528
Non-capital debt	349,839
Due in more than one year:	
Capital debt	7,628,061
Non-capital debt	2,208,611
Net pension liability	8,109,058
Total Liabilities	<u>19,631,507</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,071,157
Deferred revenues - property taxes	3,627,803
Total deferred inflows of resources	<u>4,698,960</u>
NET POSITION	
Net investment in capital assets	10,648,626
Restricted for:	
Expendable:	
Public safety	225,005
Public works	66,782
Culture and recreation	2,213
Economic development and assistance	595,522
Debt service	801,549
Unrestricted	(7,172,780)
Total Net Position	<u>\$ 5,166,917</u>

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

CLAIBORNE COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Primary
					Government
					Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 3,963,918	230,918	246,049		(3,486,951)
Public safety	2,627,103	124,343	422,404	213,308	(1,867,048)
Public works	2,002,635	9,893	1,063,067	6,435,506	5,505,831
Health and welfare	3,363,568		342,312		(3,021,256)
Culture and recreation	265,740	29,300			(236,440)
Conservation of natural resources	41,152				(41,152)
Economic development and assistance	244,113			439,509	195,396
Interest on long-term debt	515,652				(515,652)
Pension expense	1,041,021				(1,041,021)
Total Governmental Activities	14,064,902	394,454	2,073,832	7,088,323	(4,508,293)
General revenues:					
Property taxes				\$ 3,987,133	
Road & bridge privilege taxes				109,609	
Grants and contributions not restricted to specific programs				4,795,448	
Unrestricted interest income				10,734	
Miscellaneous				1,234,359	
Total General Revenues				10,137,283	
Changes in Net Position					5,628,990
Net Position (Deficit) - Beginning, as previously reported					(300,513)
Prior period adjustments					(161,560)
Net Position (Deficit) - Beginning, as restated					(462,073)
Net Position - Ending				\$	5,166,917

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

CLAIBORNE COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2017

Exhibit 3

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	State Aid Road Fund	Debt Service Fund		
ASSETS						
Cash	\$ 1,920,267	189,343	17,331	976,600	828,004	3,931,545
Property tax receivable	1,399,184	200,478		1,249,479	778,662	3,627,803
Fines receivable (net of allowance for uncollectibles of \$144,846)	256,830					256,830
Loans receivable (net of allowance of \$125,000)	405,411				790,000	1,195,411
Intergovernmental receivables	253,330					253,330
Other receivables	2,098				149,444	151,542
Due from other funds		11,171		21,111	7,075	39,357
Advances to other funds	1,406,790	74,278		13,543		1,494,611
Total Assets	<u>5,643,910</u>	<u>475,270</u>	<u>17,331</u>	<u>2,260,733</u>	<u>2,553,185</u>	<u>10,950,429</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Claims payable	429,688	20,671			72,616	522,975
Intergovernmental payables	79,380					79,380
Due to other funds	39,357					39,357
Advances from other funds	42,267	1,289,426		100,000	45,554	1,477,247
Amounts held in custody for others	54,350					54,350
Total Liabilities	<u>645,042</u>	<u>1,310,097</u>	<u>0</u>	<u>100,000</u>	<u>118,170</u>	<u>2,173,309</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	1,399,184	200,478		1,249,479	778,662	3,627,803
Unavailable revenue - fines	256,830					256,830
Total deferred inflows of resources	<u>1,656,014</u>	<u>200,478</u>	<u>0</u>	<u>1,249,479</u>	<u>778,662</u>	<u>3,884,633</u>
Fund balances:						
Nonspendable:						
Advances	1,406,790					1,406,790
Loans receivable	405,411					405,411
Restricted for:						
Public safety					225,005	225,005
Public works			17,331		49,451	66,782
Culture and recreation					2,213	2,213
Economic development and assistance					595,522	595,522
Debt service				911,254		911,254
Unassigned	1,530,653	(1,035,305)			784,162	1,279,510
Total Fund Balances	<u>3,342,854</u>	<u>(1,035,305)</u>	<u>17,331</u>	<u>911,254</u>	<u>1,656,353</u>	<u>4,892,487</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 5,643,910</u>	<u>475,270</u>	<u>17,331</u>	<u>2,260,733</u>	<u>2,553,185</u>	<u>10,950,429</u>

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

CLAIBORNE COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

Total Fund Balance - Governmental Funds	\$ 4,892,487
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$10,053,953.	18,846,215
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	256,830
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,756,039)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(109,705)
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	1,234,708
Deferred inflows of resources related to pensions	(1,071,157)
Net pension liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(8,109,058)
Advances made in prior periods from/to funds for other than governmental activities are not available to pay in current period and, therefore, are not reported in the funds.	<u>(17,364)</u>
Total Net Position - Governmental Activities	\$ <u>5,166,917</u>

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

CLAIBORNE COUNTY, MISSISSIPPIExhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund	State Aid Road Fund	Debt Service Fund		
REVENUES						
Property taxes	\$ 2,015,448	175,554		1,331,328	464,803	3,987,133
Road and bridge privilege taxes		109,609				109,609
Licenses, commissions and other revenue	206,552				2,665	209,217
Fines and forfeitures	43,698					43,698
Intergovernmental revenues	5,898,839	727,909	6,435,506		895,349	13,957,603
Charges for services	47,883	1,500			92,156	141,539
Interest income	4,896	345	50	3,050	2,393	10,734
Miscellaneous revenues	117,936	517			514,338	632,791
Total Revenues	8,335,252	1,015,434	6,435,556	1,334,378	1,971,704	19,092,324
EXPENDITURES						
Current:						
General government	4,087,430					4,087,430
Public safety	2,481,926				306,271	2,788,197
Public works		885,720	6,435,506		955,531	8,276,757
Health and welfare	3,363,568					3,363,568
Culture and recreation	263,380					263,380
Conservation of natural resources	41,152					41,152
Economic development and assistance	110,880				575,067	685,947
Debt service:						
Principal	208,704	41,497		485,000		735,201
Interest	5,202	6,385		464,300		475,887
Refunding issuance costs				72,738		72,738
Total Expenditures	10,562,242	933,602	6,435,506	1,022,038	1,836,869	20,790,257
Excess of Revenues over (under) Expenditures	(2,226,990)	81,832	50	312,340	134,835	(1,697,933)
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term debt	2,250,000				289,546	2,539,546
Refunding bonds issued				2,570,000		2,570,000
Payment to refunding bonds escrow agent				(2,497,262)		(2,497,262)
Proceeds from sale of capital assets		39,715				39,715
Compensation for loss of capital assets	747,908					747,908
Total Other Financing Sources (Uses)	2,997,908	39,715	0	72,738	289,546	3,399,907
Net Changes in Fund Balances	770,918	121,547	50	385,078	424,381	1,701,974
Fund Balances - Beginning, as previously reported	2,352,788	(1,156,852)	17,281	526,176	1,451,120	3,190,513
Fund reclassification	219,148				(219,148)	0
Fund Balances - Beginning, as restated	2,571,936	(1,156,852)	17,281	526,176	1,231,972	3,190,513
Fund Balances - Ending	\$ 3,342,854	(1,035,305)	17,331	911,254	1,656,353	4,892,487

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

CLAIBORNE COUNTY, MISSISSIPPIExhibit 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, 2017

Net Changes in Fund Balances - Governmental Funds \$ 1,701,974

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. Thus the change in net position
differs from the change in fund balances by the amount that capital outlays of
\$7,373,593 did not exceed depreciation of \$931,591. 6,442,002

In the Statement of Activities, only gains and losses from the sale of capital assets
are reported, whereas in the Governmental Funds, proceeds from the sale of
capital assets increase financial resources. Thus, the change in net position differs
from the change in fund balances by the cost of the assets sold. (106,055)

Fine revenue recognized on the modified accrual basis in the funds during the
current year is reduced because prior year recognition would have been required
on the Statement of Activities using the full accrual basis of accounting. 57,423

Debt proceeds provide current financial resources to Governmental Funds, but issuing
debt increases long-term liabilities in the Statement of Net Position. Repayment of debt
principal is an expenditure in the Governmental Funds, but the repayment reduces long-
term liabilities in the Statement of Net Position. Thus, the change in net position differs
from the change in fund balances by the amount that debt proceeds of \$2,539,546 exceed
debt repayments of \$735,201 and net effect of refunding of \$80,000. (1,884,345)

Some items reported in the Statement of Activities relating to the implementation of GASB 68
are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period (1,041,021)
Recording of contributions made during the year 494,813

Some items reported in the Statement of Activities do not provide or require the use of
current financial resources and therefore, are not reported as revenue/expenditures in
governmental funds. These activities include:

Change in accrued interest payable (39,765)
Change in compensated absences 3,964

Change in Net Position of Governmental Activities \$ 5,628,990

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

CLAIBORNE COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 242,421
Total Assets	\$ <u>242,421</u>
LIABILITIES	
Amounts held in custody for others	\$ 62,307
Intergovernmental payables	162,750
Advances from other funds	17,364
Total Liabilities	\$ <u>242,421</u>

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

Claiborne County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2017

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

- Claiborne County Medical Center

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. Individual Component Unit Disclosure

Blended Component Unit

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, this component unit is reported as if it were part of the primary government. The following component unit's balances and transactions are blended with the balances and transaction of the primary government.

- Claiborne County Port Commission was formed, as authorized by Code

Claiborne County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2017

Section 59-7-103, to maintain, develop and regulate harbor related improvements.

C. Basis of Presentation

The County's basic financial statements consists 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 resources, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

D. Measurement Focus and Basis of Accounting

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

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

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

State Aid Road Fund - This fund is a capital project fund where infrastructure asset addition transactions are posted.

Debt Service Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for County projects.

Claiborne County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2017

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications

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

F. 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.

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

G. Receivables

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

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Capital Assets

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

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

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	n/a
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

J. Deferred Outflows/Inflows of Resources

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 17 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

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

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

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

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 17 for additional details.

K. Pensions

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

L. Long-term Liabilities

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

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

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.

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

Claiborne County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

N. Property Tax Revenues

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

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

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

O. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the

Claiborne County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

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.

(2) Fund Reclassification and Prior Period Adjustments

The Rep Fund, Civil Defense, Tax Collector Fund, Special Account, Confiscated Drug Fund and the Tax Assessor Commission fund's beginning fund balance of \$219,148 was reclassified from the Special Revenue Funds to a beginning retained earnings in the General Fund because, effective October 1, 2016, it became the objective to account for the operations in a manner similar to determine revenues earned, expenses incurred and/or net income in the fund.

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

Exhibit 2 - Statement of Activities

Explanation	Amount
To correct capital assets.	\$ <u>(161,560)</u>

(3) Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$3,931,545 in the governmental funds and \$242,421 in the fiduciary funds. The bank balance was \$4,571,851. 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

Claiborne County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

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.

(4) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Fund	General Fund	\$ 11,171
Debt Service Fund	General Fund	21,111
Other Governmental Funds	General Fund	7,075
Total		<u>\$ 39,357</u>

The receivables represent advalorem revenue collected September 2017 and settled the following month. Interfund loan to special account from General Fund.

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road Fund	\$ 1,289,426
General Fund	Debt Service Fund	100,000
General Fund	Fiduciary Funds	17,364
Debt Service Fund	Other Governmental Funds	13,543
Road Fund	General Fund	42,267
Road Fund	Other Governmental Funds	32,011
Total		<u>\$ 1,494,611</u>

Claiborne County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

Amounts payable to general fund are loans to other funds to be repaid. Amounts payable to all other Funds are prior period posting errors to wrong fund.

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2017 consisted of the following:

Governmental Activities:

Description	Amount
Legislative Tax Credit	\$ 46,430
Debris Removal / Storm Damage	187,098
VOCA Grant	19,802
Total	<u>\$ 253,330</u>

(6) Loans Receivable

At September 30, 2017, loan receivable balances consisted of:

Description	Date of Inception	Interest Rate	Maturity Date	Amount
Hospital Loan	07-06-01	0%	N/A	\$ 60,000
Hospital Loan	07-11-01	0%	N/A	65,000
Port Gibson Apartments, LLC	03-13-01	various	09-50	410,000
Pattison Apartment Homes, LLC	07-02-03	1%	07-53	380,000
Hospital Loan	03-09-04	0%	N/A	76,666
Hospital Loan	09-14-12	0%	N/A	28,745
Hospital Loan	09-28-12	0%	N/A	105,000
Hospital Loan	10-12-12	0%	N/A	95,000
Hospital Loan	11-27-12	0%	N/A	100,000
Sub-total				<u>\$ 1,320,411</u>
Less: Allowance for Doubtful Accounts				<u>(125,000)</u>
Total				<u>\$ 1,195,411</u>

Claiborne County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

(7) Capital Assets

Capital assets activity for the year ended September 30, 2017, was as follows:

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	\$ 1,074,556				1,074,556
Construction in progress	132,171			(132,171)	0
Total non-depreciable capital assets	1,206,727	0	0	(132,171)	1,074,556
Depreciable capital assets:					
Infrastructure	4,943,670	6,764,286		(1)	11,707,955
Buildings	9,498,536				9,498,536
Improvements other than buildings	1,761,786			1	1,761,787
Mobile equipment	3,682,601	256,833	453,561	34,903	3,520,776
Furniture and equipment	627,496	62,928	44,800		645,624
Property under capital leases	401,388	289,546			690,934
Total depreciable capital assets	20,915,477	7,373,593	498,361	34,903	27,825,612
Less accumulated depreciation for:					
Infrastructure	1,215,277	335,630			1,550,907
Buildings	4,132,753	225,005		1	4,357,759
Improvements other than buildings	678,083	70,476			748,559
Mobile equipment	2,861,231	178,150	350,238	(7,960)	2,681,183
Furniture and equipment	563,032	24,017	42,068		544,981
Property under capital leases		98,313		72,251	170,564
Total accumulated depreciation	9,450,376	931,591	392,306	64,292	10,053,953
Total depreciable capital assets, net	11,465,101	6,442,002	106,055	(29,389)	17,771,659
Governmental activities capital assets, net	\$ 12,671,828	6,442,002	106,055	(161,560)	18,846,215

Adjustments were made in construction in progress to remove project renovation (non-capitalizable) and prior coding errors.

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

Depreciation expense was charged to the functions as follows:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 149,610
Public safety	194,805
Public works	571,671
Culture and recreation	15,505
Total depreciation expense	<u>\$ 931,591</u>

(8) Claims and Judgments

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 690,934
Less: Accumulated depreciation	<u>(170,564)</u>
Leased property under capital leases	<u>\$ 520,370</u>

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

The following is a schedule by years of the total payments due as of September 30, 2017:

Year Ending September 30,	Capital Leases	
	Principal	Interest
2018	\$ 69,528	12,296
2019	338,815	10,528
2020	28,656	5,286
2021	205,590	409
Total	\$ 642,589	28,519

(10) Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

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, 2017, 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, 2017 was 15.75% 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, 2017, 2016 and 2015 were \$494,813, \$514,285 and \$520,539, 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, 2017, the County reported a liability of \$8,109,058 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2017 net pension liability was 0.048781 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.001547 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$1,041,021. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Claiborne County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 121,834	59,169
Net difference between projected and actual earnings on pension plan investments		626,550
Change of assumptions	194,855	
Changes in proportion and differences between County contributions and proportionate share of contributions	785,667	385,438
County contributions subsequent to the measurement date	132,352	
Total	\$ <u>1,234,708</u>	<u>1,071,157</u>

\$132,352 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2018	\$ 202,025
2019	3,603
2020	(17,792)
2021	(156,637)
Total	\$ <u>31,199</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Claiborne County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

Inflation	3.0 percent
Salary increases	3.25 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27%	4.60%
International Equity	18%	4.50%
Emerging Markets Equity	4%	4.75%
Global	12%	4.75%
Fixed Income	18%	0.75%
Real Estate	10%	3.50%
Private Equity	8%	5.10%
Emerging Debt	2%	2.25%
Cash	1%	0.00%
Total	100%	

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 10,635,571	\$ 8,109,058	\$ 6,011,503

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

(11) Long-Term Debt

Debt outstanding as of September 30, 2017, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<u>Governmental Activities:</u>			
A. General Obligation Bonds:			
GOB - 2016	\$ <u>2,305,000</u>	2.00%	10/2025
B. Limited Obligation Bonds:			
Special obligation bonds - 2007A	\$ 3,320,000	4.50%	07/2032
Special obligation bonds - 2007B	1,930,000	5.65/5.90%	07/2024
Total Limited Obligation Bonds	\$ <u>5,250,000</u>		

Claiborne County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

C. Capital Leases:

Caterpillar 930M front end loader	\$	146,661	1.70%	09/2019
Caterpillar D5K2 dozer		116,954	1.70%	09/2019
Caterpillar 420F2 backhoe		89,428	1.70%	09/2019
(2) 2018 Mack GU713 dump trucks		289,546	2.39%	10/2020
Total Capital Leases	\$	<u>642,589</u>		

D. Other Loans:

Water pollution control revolving loan	\$	112,274	1.75%	03/2033
Medical center loan		1,700,000	5.00%	02/2024
General obligation note		550,000	4.15%	09/2022
Total Other Loans	\$	<u>2,362,274</u>		

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$136,431 loan from the Mississippi Department of Environmental Quality's Water Pollution Control Revolving loan Program issued in 2013. Proceeds from the loan provided financing for Hermanville wastewater improvements. The loan is payable through 2033. Annual principal and interest payments on the loan are expected to require less than 50 percent of the homestead exemption reimbursements. The total principal and interest remaining to be paid on the bonds is \$128,739. Principal and interest paid for the current year were \$8,306.

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Limited Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 270,000	46,100	230,000	263,270	349,839	92,533
2019	275,000	40,700	245,000	249,700	348,016	94,356
2020	280,000	35,200	260,000	235,245	364,475	77,897
2021	285,000	29,600	275,000	219,905	381,589	60,783
2022	290,000	23,900	290,000	203,680	399,796	42,576
2023 - 2027	905,000	36,500	1,740,000	754,745	475,197	35,515
2028 - 2032			2,210,000	306,675	39,246	2,282
2033					4,116	36
Total	\$ <u>2,305,000</u>	<u>212,000</u>	<u>5,250,000</u>	<u>2,233,220</u>	<u>2,362,274</u>	<u>405,978</u>

Claiborne County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2017

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 by 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, 2017, the amount of outstanding debt was equal to 3.83% of the latest property assessments.

Advance Refunding

On October 27, 2016, the County issued \$2,570,000 in general obligation refunding bonds with an interest rate of 2.00% to advance refund \$2,490,000 of the following outstanding bond issues:

Issue	Average Interest Rate	Outstanding Amount Refunded
General obligation bonds, Series 2005	3.875% to 4.25%	\$2,490,000

The General Obligation Building Bonds, Series 2005, had an outstanding balance of \$2,490,000 at the time of refunding. The net proceeds of \$2,497,262 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, those bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The refunding of both of these obligations reduced total debt service payments over the next nine years by \$195,702 and resulted in an economic gain of \$179,509 (difference between the present values of the debt service payments of the old and new debt).

Claiborne County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Refunding	Balance Sept. 30, 2017	Amount due within one year
<u>Governmental Activities:</u>						
General obligation bonds	\$ 2,490,000		265,000	80,000	2,305,000	270,000
Limited obligation bonds	5,470,000		220,000		5,250,000	230,000
Capital leases	394,540	289,546	41,497		642,589	69,528
Other loans	320,978	2,250,000	208,704		2,362,274	349,839
Compensated absences	200,140		3,964		196,176	
Total	\$ <u>8,875,658</u>	<u>2,539,546</u>	<u>739,165</u>	<u>80,000</u>	<u>10,756,039</u>	<u>919,367</u>

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

(12) Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balance and net position at September 30, 2017:

Fund	Deficit Amount
Road Fund	\$ 1,035,305
Reappraisal Fund	1,812
Bridge and Culvert Fund	5,838

(13) Contingencies

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

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability

Claiborne County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(14) Joint Ventures

The County participates in the following joint ventures:

Claiborne County is a participant with the City of Port Gibson in a joint venture, authorized by Mississippi's non profit corporate statutes, to operate the Harriette Person Memorial Library. The joint venture is governed by a nine-member board of trustees. By contractual agreement, the County's appropriation to the joint venture was \$50,000 in fiscal year 2017. Complete financial statements for the Harriette Person Memorial Library can be obtained from P.O. Box 1017, Port Gibson, MS 39150.

(15) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Hinds Community College (the College) operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The Claiborne County Board of Supervisors appoints one of the 15 members of the college board of trustees. The County appropriated \$275,764 for the maintenance and support of the College in fiscal year 2017.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Claiborne County Board of Supervisors appoints 1 of the 10 members of the board of commissioners. The County appropriated \$18,162 for its support for the fiscal year 2017.

Southwest Mississippi Planning and Development District (the District) operates in a district comprised of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Claiborne County Board of Supervisors appoints 4 of the 40 members of the board of directors. The County appropriated \$9,600 for its support in fiscal year 2017.

(16) Pollution Remediation Obligations

The County has identified specific County-owned properties where it is either known or reasonably believed that the site contains certain pollutants. The site has been reported to a State regulatory agency as having a current or reportable incident, thus voluntarily obligating the County for certain remediation activities. In addition, the County entered into an administrative agreement with a State agency to voluntarily assess the site. The related liability cannot be estimated at this time. Obligations pertain to soil or ground water contamination, primarily from storage of underground fuel tanks at the site.

Claiborne County, Mississippi

Notes to the Financial Statements For the Year Ended September 30, 2017

County staff has voluntarily worked with appropriate State regulators to assess the environmental impact and the state will be monitoring the site quarterly. Should further activities become necessary cost estimates would then be developed.

In addition, the County estimates that any cost associated with this process will be recovered from grant funds; therefore, potentially reducing any pollution liabilities to the County since this project is a part of the Port Connector Road project.

(17) Effect of Deferred Amount on Net Position

The governmental activities' unrestricted net position amount of (\$7,172,780) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$132,352 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. The \$1,102,356 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years.

The unrestricted net position amount of (\$7,172,780) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property taxes. The \$3,627,803 balance of deferred inflow of resources, at September 30, 2017 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

The governmental activities' unrestricted net position amount of (\$7,172,780) includes the effect of deferred inflows of resources related to pensions. The \$1,071,157 balance of the deferred inflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 4 years.

(18) State Compliance Testing

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

(19) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the

Claiborne County, Mississippi

Notes to the Financial Statements For the year ended September 30, 2017

Statement of Net Position date require disclosure in the accompanying notes. Management of Claiborne County evaluated the activity of the County, through the date the financial statements were available to be issued, and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

The County issued the following debt obligation:

Issue Date	Interest Rate	Issue Amount	Type of Financing
05-08-18	3.37%	\$ 3,347,000	General Obligation Refunding Bonds
05-08-18	3.80%	1,795,000	General Obligation Refunding Bonds
11-08-19	3.45%	198,370	Lease Purchase
11-08-19	3.45%	148,018	Lease Purchase
11-08-19	3.45%	287,780	Lease Purchase
11-08-19	3.45%	118,975	Lease Purchase

REQUIRED SUPPLEMENTARY INFORMATION

CLAIBORNE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

General Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 2,151,800	\$ 1,925,013	\$ 1,985,031	\$ 60,018
Licenses, commissions and other revenue	205,808	199,809	199,809	-
Fines and forfeitures	17,500	36,205	36,205	-
Intergovernmental revenues	8,740,749	9,645,994	9,570,955	(75,039)
Charges for services	21,000	21,248	21,248	-
Interest income	-	4,874	4,896	22
Miscellaneous revenues	32,650	166,032	159,859	(6,173)
Total Revenues	<u>11,169,507</u>	<u>11,999,175</u>	<u>11,978,003</u>	<u>(21,172)</u>
Expenditures by Major Budgetary Function				
General government	6,827,922	6,166,507	6,228,038	(61,531)
Public safety	2,475,746	2,580,130	2,474,973	105,157
Health and welfare	1,448,957	2,419,766	2,419,766	-
Culture and recreation	267,846	258,169	258,169	-
Conservation of natural resources	49,259	41,151	41,151	-
Economic development and assistance	99,777	101,880	101,880	-
Total Expenditures	<u>11,169,507</u>	<u>11,567,603</u>	<u>11,523,977</u>	<u>43,626</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>431,572</u>	<u>454,026</u>	<u>22,454</u>
Other Financing Sources (Uses)				
Other financing sources	<u>-</u>	<u>749,289</u>	<u>749,289</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>749,289</u>	<u>749,289</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>1,180,861</u>	<u>1,203,315</u>	<u>22,454</u>
Fund Balances - Beginning	<u>-</u>	<u>2,556,622</u>	<u>547,742</u>	<u>(2,008,880)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 3,737,483</u>	<u>\$ 1,751,057</u>	<u>\$ (1,986,426)</u>

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

CLAIBORNE COUNTY, MISSISSIPPI

Budgetary Comparison Schedule -

Budget and Actual (Non-GAAP Basis)

Road Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 369,654	\$ 164,383	\$ 164,383	\$ -
Road and bridge privilege tax	21,000	60,835	60,835	-
Intergovernmental revenues	633,322	776,683	776,683	-
Charges for Services	400	1,500	1,500	-
Interest income		345	345	-
Miscellaneous revenues		40,232	40,232	-
Total Revenues	<u>1,024,376</u>	<u>1,043,978</u>	<u>1,043,978</u>	<u>-</u>
Expenditures by Major Budgetary Function				
Public works	<u>1,024,376</u>	<u>910,040</u>	<u>910,040</u>	<u>-</u>
Total Expenditures	<u>1,024,376</u>	<u>910,040</u>	<u>910,040</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>133,938</u>	<u>133,938</u>	<u>-</u>
Fund Balances - Beginning	<u>-</u>	<u>55,405</u>	<u>55,405</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 189,343</u>	<u>\$ 189,343</u>	<u>\$ -</u>

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

Claiborne County, Mississippi

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

PERS

Last 10 Fiscal Years*

	2017	2016	2015
County's proportionate share of the net pension liability	\$ 8,109,058	8,989,838	8,181,779
County's proportion of the net pension liability	0.048781%	0.050328%	0.052929%
County's covered payroll	3,129,352	3,265,302	3,305,010
County's proportionate share of the net pension liability as a percentage of its covered payroll	259.13%	275.31%	247.56%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

Claiborne County, Mississippi
Schedule of the County's Contributions
PERS
Last 10 Fiscal Years

	2017	2016	2015
Contractually required contribution	\$ 132,352	130,413	123,365
Contributions in relation to the contractually required contribution	132,352	130,413	123,365
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	840,330	828,019	783,270
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

Claiborne County, Mississippi

Notes to the Required Supplementary Information For the year ended September 30, 2017

1. Budgets

A. Budgetary Information

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

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

B. Basis of Presentation

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

Claiborne County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ 1,203,315	133,938
Increase (Decrease)		
Net adjustments for revenue accruals	(1,394,052)	(12,391)
Net adjustments for expenditure accruals	961,655	
GAAP Basis	<u>\$ 770,918</u>	<u>121,547</u>

2. Pension Schedules

A. Changes of assumptions

2015

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

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

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

Claiborne County, Mississippi

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

2017

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

The wage inflation assumption was reduced from 3.75% to 3.25%

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

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

B. Change in benefit provisions.

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

C. Method and Assumptions Used in Calculation 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, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contributions rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

CLAIBORNE COUNTY, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Community Facilities Loans and Grants	10.766	N / A	\$ 75,050
Total U.S. Department of Agriculture			75,050
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the Mississippi Home Corporation			
Home Investment Partnerships Program	14.239	1226-M14-SG-280-0976	454,020
Total passed through the Mississippi Home Corporation			454,020
Total U.S. Department of Housing and Urban Development			454,020
<u>U. S. Department of Justice</u>			
Passed through the MS Department of Public Safety			
Crime Victim Assistance/Discretionary Grants	16.582	15VA1111	10,859
Crime Victim Assistance/Discretionary Grants	16.582	16VA1111	74,900
Total passed through the MS Department of Public Safety			85,759
Total U.S. Department of Justice			85,759
<u>U. S. Department of Transportation - Federal Highway Administration</u>			
Passed through the MS Department of Transportation			
Highway Planning and Construction	20.205	N / A	18,100
Total passed through the MS Department of Transportation			18,100
Passed through the MS Department of Public Safety			
Alcohol Open Container Requirements	20.607	16-PT-10-11	6,772
Alcohol Open Container Requirements	20.607	17-PT-10-11	2,795
Total passed through the MS Department of Public Safety			9,567
Total U.S. Department of Transportation-Federal Highway Administration			27,667
<u>U.S. Department of Health & Human Services</u>			
Direct Program:			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)*	93.224	N / A	1,669,240
Total U.S. Department of Health & Human Services			1,669,240
<u>U. S. Department of Homeland Security</u>			
Passed through the MS Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4314-DR-MS	187,098
Hazard Mitigation Grant	97.039	41017	138,258
Emergency Management Performance Grants	97.042	N / A	23,760
Total passed through the MS Emergency Management Agency			349,116
Total U.S. Department of Homeland Security			349,116
Total Expenditures of Federal Awards			\$ 2,660,852

* Denotes major federal award program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

Of the federal expenditures presented in the schedule, under the CCFDA # 93.224, the County provided federal awards totaling \$1,669,240 to subrecipients during the year ended September 30, 2017.

Note C - The County did not elect to use the 10% de minimis indirect cost rate.

OTHER INFORMATION

CLAIBORNE COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2017

UNAUDITED

Name	Position	Company	Bond
Marie Clark	Supervisor District 1	Western Surety	\$100,000
Kenneth R. Davis	Supervisor District 2	Western Surety	\$100,000
Lonnie O'Quinn	Supervisor District 3	Western Surety	\$100,000
Ronald Shoulders	Supervisor District 4	Western Surety	\$100,000
Daniel Porter	Supervisor District 5	Western Surety	\$100,000
Brenda Buck	County Administrator	Western Surety	\$100,000
Gloria Dotson	Chancery Clerk	Western Surety	\$100,000
Avis King	Purchase Clerk	Western Surety	\$75,000
Henry Johnson	Receiving Clerk	Western Surety	\$75,000
Gloria Dotson	Inventory Control Clerk	Western Surety	\$75,000
George White, Jr.	Road Manager	Western Surety	\$50,000
David Flowers, Jr.	Constable	Western Surety	\$50,000
Roosevelt Dotson, Sr.	Constable	Western Surety	\$50,000
Sammie Good	Circuit Clerk	Western Surety	\$100,000
Frank Davis	Sheriff	Western Surety	\$100,000
Frederick Yarbrough	Deputy Sheriff*	Western Surety	\$50,000
Matthew C. Floriani	Deputy Sheriff*	Western Surety	\$50,000
Carl Fleming	Deputy Sheriff*	Western Surety	\$50,000
Dwayne Thomas	Deputy Sheriff*	Western Surety	\$50,000
James Jefferson	Deputy Sheriff*	Western Surety	\$50,000
Justin R. Rankin	Deputy Sheriff*	Western Surety	\$50,000
Jerland Curry, Jr.	Deputy Sheriff*	Western Surety	\$50,000
Bobby Ray Claiborne	Deputy Sheriff*	Western Surety	\$50,000
Edward Bradley, Jr.	Deputy Sheriff*	Western Surety	\$50,000
Ephraim Drake	Deputy Sheriff*	Western Surety	\$50,000
Xavier T. Young	Deputy Sheriff*	Western Surety	\$50,000
Anthony Walker	Deputy Sheriff*	Western Surety	\$50,000
Nickita Banks	Justice Court Judge	Western Surety	\$50,000
Mary Curry	Justice Court Judge	Western Surety	\$50,000
Armetrice Ward	Justice Court Clerk	Western Surety	\$50,000
Viola Moore	Deputy Justice Court Clerk	Western Surety	\$50,000
Benjamin Robinson	Deputy Justice Court Clerk	Western Surety	\$50,000
Diane T. Davaul	Tax Collector-Assessor	Western Surety	\$100,000

* deputies hired under Section 45-5-9, Miss. Code Ann. (1972)

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Claiborne County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claiborne County, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 8, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Claiborne County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency.

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

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deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2017-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2017-002 to be a significant deficiency.

Compliance and Other Matters

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

Claiborne County's Response to Findings

Claiborne County's response to the findings identified in our audit are described in the accompanying Corrective Action Plan. Claiborne County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
May 8, 2020

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Claiborne County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Claiborne County, Mississippi's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Claiborne County, Mississippi's major federal program for the year ended September 30, 2017. Claiborne 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Claiborne County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
May 8, 2020

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Claiborne County, Mississippi

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

Section I: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
Aggregate Discretely Presented Component Unit	Adverse
General Fund	Unmodified
Road Fund	Unmodified
State Aid Road Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

- a. Material weakness identified? Yes.
- b. Significant deficiency identified? Yes.

3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major federal programs:

- a. Material weakness 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 findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

7. Identification of major federal program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? No.

Section II: Financial Statement Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Material Weakness

Finding 2017-001 (Repeat Finding 2016-001)

Criteria:

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

Condition:

The County's financial statements do not include the financial data of one of the County's component unit.

Cause:

Audited financial statements were not provided for the required presentation of the aggregate discretely presented component unit (not presented in this report).

Effect:

Failure to include the data required by generally accepted accounting principles resulted in an adverse opinion on the aggregate discretely presented component unit.

Recommendation:

The Board of Supervisors should provide the financial data of all its component units in accordance with generally accepted accounting principles.

Significant Deficiency

Finding 2017-002 (Repeat Finding 2016-002)

Criteria:

An effective system of internal control should include a review of the criminal cases to identify the amount to be included in the fines receivable records.

Condition:

Some accounts were incorrectly reported and some accounts were not included.

Cause:

The Circuit Clerk did not review all criminal cases to identify outstanding fines and did not ensure that the fines were included in the fines receivable records.

Effect:

Failure to review the criminal cases and ensure that the fines are included in the fines receivable records could cause the fines receivable records to be misstated.

Recommendation:

We recommend that the Circuit Clerk review all criminal cases to identify outstanding fines and to ensure that the fines are included in the fines receivable records.

Section III: Federal Award Findings and Questioned Costs

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



DEPARTMENT OF ADMINISTRATION & PLANNING

Clovis Reed, County Administrator/ Sidney M. Hamilton, Administrative Assistant/Secretary
Henry L. Johnson, Receiving Clerk/Quality Assurance Manager/ Avis Y. King, Purchasing Director

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Claiborne County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2017:

Finding

Corrective Action Plan Details

2017-001

a. Name of Contact Person Responsible for Corrective Action:

Name: Clovis Reed
Title: County Administrator
Phone Number: (601) 437-5216

b. Corrective Action Planned:

We have yet to receive audited financial statements from Claiborne County Medical Center for fiscal year 2017. The Hospital's interim CEO and two CPA hospital consultants provided prior year corrective action. We were promised these audited statements by September 30, 2018 but have not received them. As soon as audited financial statements are provided in a timely manner coinciding with our county audit, we will consider placing their audited financial statement amounts side-by-side with our financial statement amounts at a future audit date.

c. Anticipated Completion Date:

Unknown





Mrs. Sammie Good
Circuit Clerk

DEPUTY CLERKS

Linda Tarleton
Receiving Clerk

Gretta Myles
Secretary / Process Clerk

Post Office Box 549
Port Gibson, MS 39150
(601) 437-5841

DEPUTY CLERKS

Gale Compton
File Clerk

Isom Coleman, III
File Clerk

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Claiborne County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2017:

Finding

Corrective Action Plan Details

2017-002

a. Name of Contact Person Responsible for Corrective Action:

Name: Sammie Good
Title: Circuit Clerk
Phone Number: (601) 437-5841

b. Corrective Action Planned:

We already integrated criminal information data into our computer system with assistance from Townsend Consulting and Programming Services in time for the next audit ending September 30, 2018.

c. Anticipation Completion Date:

September 30, 2018

