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CHICKASAW COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS

For the Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Supervisors
Chickasaw County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements did not include the 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.

Membership in:

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



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 Chickasaw County, Mississippi, as of September 30, 2020, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and the Correctional Facility Fund

As discussed in Note 9 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, business-type activities, and the Correctional Facility Fund, and accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, business-type activities, each major fund and aggregate remaining funds. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, business-type activities, and the Correctional Facility Fund has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and the Correctional Facility Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and the Correctional Facility Fund of Chickasaw County, Mississippi, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

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

Independent Auditor's Report

Page 3

Omission of Required Supplementary Information

Chickasaw 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 Chickasaw County, Mississippi's basic financial statements. The accompanying reconciliation of operating costs of solid waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The reconciliation of operating costs of solid waste 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 reconciliation of operating costs of solid waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of Chickasaw 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 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 Chickasaw County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chickasaw County, Mississippi's internal control over financial reporting and compliance.

Walf, McDuff + Oppai

Pascagoula, Mississippi
December 31, 2024

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BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- ◆ Government-wide financial statements
 - Statement of Net Position
 - Statement of Activities

- ◆ Fund financial statements:
 - Governmental funds
 - Proprietary (enterprise) funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CHICKASAW COUNTY, MISSISSIPPI

Exhibit 1

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,257,021	485,016	5,742,037
Property tax receivable	4,498,910	-	4,498,910
Fines receivable (net of allowance for uncollectibles of \$3,712,334)	412,481	-	412,481
Intergovernmental receivables	396,182	319,468	715,650
Other receivables	79,258	-	79,258
Prepaid expenses	1,133	-	1,133
Restricted cash and cash equivalents	-	897,728	897,728
Noncurrent assets:			
Capital assets:			
Land, improvements, and construction in progress	1,279,822	-	1,279,822
Other capital assets, net	8,492,237	7,928,397	16,420,634
Total capital assets, net	9,772,059	7,928,397	17,700,456
Total assets	20,417,044	9,630,609	30,047,653
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	708,946	272,707	981,653
Total deferred outflows of resources	708,946	272,707	981,653
LIABILITIES			
Current liabilities:			
Claims payable	636,960	194,580	831,540
Intergovernmental payables	215,637	-	215,637
Accrued interest payable	5,890	15,132	21,022
Other payables	144,783	-	144,783
Long-term liabilities:			
Due within one year			
Capital related debt	508,688	625,000	1,133,688
Due in more than one year			
Capital related debt	1,283,176	7,265,000	8,548,176
Capital related bond premium	-	17,369	17,369
Net pension liability	8,528,337	3,280,554	11,808,891
Non-capital debt	152,701	41,155	193,856
Total liabilities	11,476,172	11,438,790	22,914,962
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	45,059	17,333	62,392
Deferred revenues - property taxes	4,498,910	-	4,498,910
Total deferred inflows of resources	4,543,969	17,333	4,561,302
NET POSITION			
Net investment in capital assets	7,980,195	21,028	8,001,223
Restricted for:			
Expendable:			
General government	883,839	-	883,839
Public safety	1,299,642	-	1,299,642
Public works	1,347,373	-	1,347,373
Culture and recreation	236,135	-	236,135
Unrestricted net position	(6,641,335)	(1,573,835)	(8,215,170)
Total net position	\$ 5,105,849	(1,552,807)	3,553,042

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

CHICKASAW COUNTY, MISSISSIPPI

Exhibit 2

STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

		Program revenue			Net (expense) revenue and changes in net position		
		Charges for service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental activities	Business-type activities	Total
	Expenses						
Governmental activities:							
General government	\$ (1,854,766)	686,950	-	8,792	(1,159,024)	-	(1,159,024)
Public safety	(1,885,011)	183,277	572,705	-	(1,129,029)	-	(1,129,029)
Public works	(3,560,330)	192,365	889,214	100,809	(2,377,942)	-	(2,377,942)
Health and welfare	(167,058)	-	58,797	-	(108,261)	-	(108,261)
Culture and recreation	(75,283)	-	13,072	-	(62,211)	-	(62,211)
Conservation of natural resources	(89,725)	-	-	-	(89,725)	-	(89,725)
Economic development and assistance	(49,077)	-	-	-	(49,077)	-	(49,077)
Interest on long-term debt	(69,426)	-	-	-	(69,426)	-	(69,426)
Pension expense	(844,449)	-	-	-	(844,449)	-	(844,449)
Total governmental activities	<u>(8,595,125)</u>	<u>1,062,592</u>	<u>1,533,788</u>	<u>109,601</u>	<u>(5,889,144)</u>	<u>-</u>	<u>(5,889,144)</u>
Business-type activities:							
Chickasaw County							
Regional Correctional Facility	(3,448,146)	3,811,549	-	-	-	363,403	363,403
Total business-type activities	<u>(3,448,146)</u>	<u>3,811,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,403</u>	<u>363,403</u>
Total primary Government	<u>\$ (12,043,271)</u>	<u>4,874,141</u>	<u>1,533,788</u>	<u>109,601</u>	<u>(5,889,144)</u>	<u>363,403</u>	<u>(5,525,741)</u>
General revenues:							
Taxes:							
Property taxes					5,548,987	-	5,548,987
Road & bridge privilege taxes					213,174	-	213,174
Grants and contributions not restricted to specific programs					352,199	-	352,199
Unrestricted investment earnings					70,654	7,167	77,821
Miscellaneous					318,157	76,034	394,191
Transfers in (out)					(136,654)	136,654	-
Total general revenues and transfers					<u>6,366,517</u>	<u>219,855</u>	<u>6,586,372</u>
CHANGES IN NET POSITION					477,373	583,258	1,060,631
Net position - beginning					<u>4,628,476</u>	<u>(2,136,065)</u>	<u>2,492,411</u>
Net position - ending					<u>\$ 5,105,849</u>	<u>(1,552,807)</u>	<u>3,553,042</u>

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

FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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CHICKASAW COUNTY, MISSISSIPPI

Exhibit 3

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2020

	Major Funds			
		County Wide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
	General Fund			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,447,950	500,001	3,309,070	5,257,021
Property tax receivable	3,507,998	148,748	842,164	4,498,910
Fines receivable (net of allowance for uncollectibles of \$3,712,334)	412,481	-	-	412,481
Intergovernmental receivables	332,989	-	63,193	396,182
Other receivables	54,031	-	25,227	79,258
Due from other funds	-	4,111	27,721	31,832
Total assets	\$ 5,755,449	652,860	4,267,375	10,675,684
LIABILITIES				
Liabilities:				
Claims payable	\$ 314,931	132,048	189,981	636,960
Intergovernmental payables	215,637	-	-	215,637
Due to other funds	31,832	-	-	31,832
Other payables	144,783	-	-	144,783
Total liabilities	707,183	132,048	189,981	1,029,212
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,507,998	148,748	842,164	4,498,910
Unavailable revenue - fines	412,481	-	-	412,481
Total deferred inflows of resources	3,920,479	148,748	842,164	4,911,391
FUND BALANCES				
Restricted for:				
General government	-	500,000	383,839	883,839
Public safety	-	-	1,299,642	1,299,642
Public works	-	-	1,347,373	1,347,373
Culture and recreation	-	-	236,135	236,135
Debt service	-	-	611	611
Unassigned	1,127,787	(127,936)	(32,370)	967,481
Total fund balances	1,127,787	372,064	3,235,230	4,735,081
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,755,449	652,860	4,267,375	10,675,684

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

CHICKASAW COUNTY, MISSISSIPPI

Exhibit 3-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2020

Total governmental funds balance	\$ 4,735,081
<i>Amounts reported for governmental activities in the statement of net position are different than those reported in the fund financial statements because of the following:</i>	
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 \$11,379,960.	9,772,059
Fines receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	412,481
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,944,565)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(5,890)
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds.	1,133
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	708,946
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	(45,059)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,528,337)</u>
Net position of governmental activities	\$ <u>5,105,849</u>

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

CHICKASAW COUNTY, MISSISSIPPI

Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	Major Fund			
		County Wide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES	General Fund			
Property taxes	\$ 4,304,432	158,475	1,086,080	5,548,987
Road and bridge privilege taxes	-	213,174	-	213,174
Licenses, commissions, and other revenues	312,072	-	238,920	550,992
Fines and forfeitures	196,529	-	66,970	263,499
Intergovernmental revenues	679,252	1,100,302	216,534	1,996,088
Charges for services	-	-	351,628	351,628
Interest income	44,492	-	26,162	70,654
Miscellaneous	322,824	24,494	4,310	351,628
Total revenues	<u>5,859,601</u>	<u>1,496,445</u>	<u>1,990,604</u>	<u>9,346,650</u>
EXPENDITURES				
Current:				
General government	2,748,840	-	489,649	3,238,489
Public safety	1,436,891	-	535,018	1,971,909
Public works	-	1,501,987	1,589,382	3,091,369
Health and welfare	161,127	-	5,931	167,058
Culture and recreation	-	-	75,283	75,283
Conservation of natural resources	94,315	-	-	94,315
Economic development and assistance	49,077	-	-	49,077
Debt service:				
Principal	-	153,998	331,991	485,989
Interest	-	26,456	42,970	69,426
Other	-	-	1,740	1,740
Total expenditures	<u>4,490,250</u>	<u>1,682,441</u>	<u>3,071,964</u>	<u>9,244,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,369,351</u>	<u>(185,996)</u>	<u>(1,081,360)</u>	<u>101,995</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	-	562,380	-	562,380
Proceeds from sale of capital assets	-	68,631	-	68,631
Compensation for loss of capital assets	46,268	-	-	46,268
Transfers in	-	32,286	601,986	634,272
Transfers out	(770,926)	-	-	(770,926)
Total other financing sources (uses)	<u>(724,658)</u>	<u>663,297</u>	<u>601,986</u>	<u>540,625</u>
Net changes in fund balances	644,693	477,301	(479,374)	642,620
Fund balance - beginning of year	<u>483,094</u>	<u>(105,237)</u>	<u>3,714,604</u>	<u>4,092,461</u>
Fund balance - end of year	<u>\$ 1,127,787</u>	<u>372,064</u>	<u>3,235,230</u>	<u>4,735,081</u>

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

CHICKASAW COUNTY, MISSISSIPPI

Exhibit 4-1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds \$ 642,620

Amounts reported for governmental activities in the statement of activities are different than those reported in the fund financial statements because of the following:

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 \$1,229,350 exceeded depreciation of \$731,975 in the current period. 497,375

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain (loss) of \$(51,675) and the proceeds from the sale of \$(27,344) in the current period. (79,019)

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. (103,527)

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 \$(562,380) exceeded debt repayments of \$485,987. (76,393)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

(Increase) in compensated absences liability	(25,208)
(Increase) in prepaids	(31,790)

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	(844,449)
Recording of contributions made during the year	497,764

Changes in net position of governmental activities \$ 477,373

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

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CHICKASAW COUNTY, MISSISSIPPI

Exhibit 5

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2020

	Business-type Activities
	Chickasaw County Regional Correctional Facility
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 485,016
Intergovernmental receivables	319,468
Restricted cash and cash equivalents	897,728
Total current assets	<u>1,702,212</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>7,928,397</u>
Total noncurrent assets	<u>7,928,397</u>
Total assets	<u>9,630,609</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>272,707</u>
Total deferred outflows of resources	<u>272,707</u>
LIABILITIES	
Current liabilities:	
Claims payable	194,580
Accrued interest payable	15,132
Capital debt:	
Bonds and notes payable	<u>625,000</u>
Total current liabilities	<u>834,712</u>
Noncurrent liabilities:	
Capital debt:	
Bonds and notes payable	7,265,000
Bond premium	17,369
Net pension liability	3,280,554
Compensated absences	<u>41,155</u>
Total noncurrent liabilities:	<u>10,604,078</u>
Total liabilities	<u>11,438,790</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>17,333</u>
Total deferred inflows of resources	<u>17,333</u>
NET POSITION	
Net investment in capital assets	21,028
Unrestricted	<u>(1,573,835)</u>
Total net position	<u><u>\$ (1,552,807)</u></u>

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

CHICKASAW COUNTY, MISSISSIPPI

Exhibit 6

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-type Activities
	Chickasaw County Regional Correctional Facility
OPERATING REVENUES	
Charges for services	\$ 3,811,549
Miscellaneous	<u>76,034</u>
Total operating revenues	<u>3,887,583</u>
OPERATING EXPENSES	
Personnel services	1,410,820
Contractual services	585,008
Utilities	274,948
Repairs and maintenance	143,565
Other supplies and expenses	30,432
Depreciation	167,242
Insurance	261,788
Miscellaneous	26,605
Pension expense	<u>303,830</u>
Total operating expenses	<u>3,204,238</u>
Operating income (loss)	<u>683,345</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	7,167
Interest expense	<u>(243,908)</u>
Net nonoperating revenues (expenses)	<u>(236,741)</u>
Net income (loss) before transfers	<u>446,604</u>
TRANSFERS IN (OUT)	136,654
Change in net position	583,258
Total net position - beginning of year	<u>(2,136,065)</u>
Total net position - end of year	<u><u>\$ (1,552,807)</u></u>

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

CHICKASAW COUNTY, MISSISSIPPI

Exhibit 7

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-type Activities Chickasaw County Regional Correctional Facility
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,785,386
Payments to suppliers	(1,384,957)
Payments to employees	(1,627,476)
Other receipts (payments)	76,034
Net cash provided (used) by operating activities	<u>848,987</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to / from other funds	<u>136,654</u>
Net cash provided in noncapital financing activities	<u>136,654</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(635,000)
Interest paid on capital debt	<u>(227,956)</u>
Net cash (used) in capital and related financing activities	<u>(862,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>7,167</u>
Net cash provided by investing activities	<u>7,167</u>
Net increase (decrease) in cash and cash equivalents	129,852
Cash and cash equivalents at beginning of year	<u>1,252,892</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,382,744</u></u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>	
Operating income (loss)	\$ 683,345
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	167,242
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(26,163)
(Increase) decrease in deferred outflows of resources	(184,894)
Increase (decrease) in claims payable	(62,611)
Increase (decrease) in net pension liability	337,121
Increase (decrease) in compensated absences liability	(14,431)
Increase (decrease) in deferred inflows of resources	<u>(50,622)</u>
Total Adjustments	<u>165,642</u>
Net cash provided (used) by operating activities	<u><u>\$ 848,987</u></u>

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

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FIDUCIARY FUND FINANCIAL STATEMENTS

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CHICKASAW COUNTY, MISSISSIPPI

Exhibit 8

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2020

	<u>Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 43,211
Total assets	<u><u>\$ 43,211</u></u>
LIABILITIES	
Intergovernmental payables	\$ 43,211
Total liabilities	<u><u>\$ 43,211</u></u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

- ◆ Shearer-Richardson Memorial Nursing Home
- ◆ Thorn Fire Department
- ◆ South East Chickasaw Fire District

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

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

B. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Net Position presents the financial condition of the governmental activities and business-type 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 and business-type 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 business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

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

C. Measurement Focus and Basis of Accounting

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

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports the following major Governmental Funds:

- ◆ General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.
- ◆ Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

The County reports the following major Enterprise Fund:

- ◆ Chickasaw County Regional Correctional Facility Fund - This fund is used to account for the County's activities of operating the correctional facility.

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.

PROPRIETARY FUND TYPE

- ◆ Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

D. Account Classifications

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Deposits and Investments

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

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

F. Receivables

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

G. Interfund Transactions and Balances

Transactions between funds that 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. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Prepaid Items

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

I. Restricted Assets

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the County's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "capitalized interest" account is funded by bank bond proceeds and is used to pay the related interest due on revenue bonds prior to the completion of construction of the project. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operation that could adversely affect debt service payments. The "project fund" account is used to report those proceeds of revenue bonds issuances that are restricted for use in construction. The "startup costs" account is used to report resources set aside to provide funds required to fund startup costs associated with the project. The "bond issuance expense" account is used to segregate resources set aside to pay bond issue cost. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type 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 general infrastructure assets retroactively. Chickasaw 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 assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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	\$ -	N/A
Infrastructure	-	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.

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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 13 for additional details.

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

Deferred revenues-property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange 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 13 for additional details.

L. 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 Mississippi Public Employees' Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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.

M. Long-term Liabilities

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

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

N. Equity Classifications

Government-wide Financial Statements:

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

- ◆ Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.
- ◆ Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- ◆ Unrestricted net position - All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ◆ *Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- ◆ *Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

O. Property Tax Revenues

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

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

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

P. Intergovernmental Revenues in Governmental Funds

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Compensated Absences

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

R. Changes in Accounting Standards

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

S. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2. DEPOSITS

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$6,682,976, and the bank balance was \$6,530,571. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 3. INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2020:

A. Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
County Wide Road Maintenance Fund	General Fund	\$ 4,111
Other Governmental Funds	General Fund	27,721
Total		<u>\$ 31,832</u>

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

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
County Wide Road Maintenance Fund	General Fund	\$ 32,286
Other Governmental Funds	General Fund	601,986
Chickasaw County Regional Correctional Facility Fund	General Fund	136,654
Total		<u>\$ 770,926</u>

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

NOTE 4. INTERGOVERNMENTAL RECEIVABLES

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Receivable from local governments	\$ 79,230
Other state receivables	316,952
Total Governmental Activities	<u>\$ 396,182</u>
Business-type Activities:	
State reimbursement for housing inmates	\$ 319,468
Total Business-type Activities	<u>\$ 319,468</u>

NOTE 5. RESTRICTED ASSETS

The balance of the restricted asset accounts in the enterprises fund is as follows:

<u>Description</u>	<u>Amount</u>
Debt service reserve	\$ 897,728
Total restricted assets	<u>\$ 897,728</u>

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 6. CAPITAL ASSETS

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

Capital Assets	Balance October 1, 2019	Increases	Decreases	Adjustments	Balance September 30, 2020
Governmental activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 362,710	-	-	-	362,710
Construction in progress	76,460	840,652	-	-	917,112
Total non-depreciable capital assets:	439,170	840,652	-	-	1,279,822
<u>Depreciable capital assets:</u>					
Infrastructure	7,369,600	-	-	-	7,369,600
Buildings	4,700,435	-	-	-	4,700,435
Building improvements	83,048	-	-	-	83,048
Mobile equipment	5,480,807	326,718	165,750	-	5,641,775
Furniture and equipment	641,788	-	53,403	-	588,385
Leased property under capital leases	1,526,424	61,980	99,450	-	1,488,954
Total depreciable capital assets	19,802,102	388,698	318,603	-	19,872,197
<u>Less accumulated depreciation for:</u>					
Infrastructure	2,659,117	387,266	-	-	3,046,383
Buildings	2,107,362	72,308	-	-	2,179,670
Building improvements	16,610	-	-	-	16,610
Mobile equipment	4,645,960	103,312	149,175	-	4,600,097
Furniture and equipment	583,194	4,175	37,103	-	550,266
Leased property under capital leases	875,326	164,914	53,306	-	986,934
Total accumulated depreciation	10,887,569	731,975	239,584	-	11,379,960
Total depreciable capital assets, net	8,914,533	(343,277)	79,019	-	8,492,237
Total governmental activities	\$ 9,353,703	497,375	79,019	-	9,772,059

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 6. CAPITAL ASSETS (continued)

	Balance October 1, 2019	Increases	Decreases	Adjustments	Balance September 30, 2020
Business-type activities:					
<u>Depreciable capital assets:</u>					
Infrastructure	\$ 788,680	-	-	-	788,680
Buildings	9,035,171	-	-	-	9,035,171
Mobile equipment	88,514	-	23,990	-	64,524
Total depreciable capital assets	9,912,365	-	23,990	-	9,888,375
<u>Less accumulated depreciation for:</u>					
Infrastructure	110,417	-	-	-	110,417
Buildings	1,624,248	162,746	-	-	1,786,994
Mobile equipment	79,662	4,496	21,591	-	62,567
Total accumulated depreciation	1,814,327	167,242	21,591	-	1,959,978
Total depreciable capital assets, net	8,098,038	(167,242)	2,399	-	7,928,397
Total business-type activities	\$ 8,098,038	(167,242)	2,399	-	7,928,397

Depreciation expense was charged to the following functions for the year ended September 30, 2020 as follows:

Functions/Programs	Depreciation Expense
Governmental activities:	
General government	\$ 67,268
Public safety	70,024
Public works	594,683
Total governmental activities depreciation expense	\$ 731,975
Business-type activities:	
Correctional facility	\$ 167,242
Total business-type activities depreciation expense	\$ 167,242

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
ERBR-STPBR-0812(11)Bo	\$ 799,180	9/30/2021

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 7. CLAIMS AND JUDGMENTS

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 8. CAPITAL LEASES

As Lessee:

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

Governmental Activities:

<u>Class of Property</u>	<u>Amount</u>
Mobile equipment	\$ 1,488,954
Total	1,488,954
Less: Accumulated depreciation	(986,934)
Leased Property Under Capital Leases	<u>\$ 502,020</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

Governmental Activities:

<u>Year Ending September 30,</u>	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 227,651	22,047
2022	205,313	12,670
2023	118,088	12,201
2024	71,109	1,342
Total	<u>\$ 622,161</u>	<u>48,260</u>

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

The Chickasaw County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Chickasaw County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Benefits Provided

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. DEFINED BENEFIT PENSION PLAN(continued)

Contributions

PERS members are required to contribute 9.00% of their annual covered salary and the Chickasaw County, Mississippi is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Chickasaw County, Mississippi's contribution (employer share only) to PERS for the year ended September 30, 2020, 2019, and 2018 was \$715,766, \$628,485, and \$644,786 respectively, which equal to the required contributions for each year.

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

At September 30, 2020, the County reported a liability of \$11,808,891 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share used to calculate the September 30, 2020 net pension liability was 0.06% percent, which was based on a measurement date of June 30, 2020. This amount remained unchanged from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$844,449 in governmental activities and \$303,830 in business-type activities for a total pension expense of \$1,148,279. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Annual Changes	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 102,502	-
Net difference between projected and actual earnings on pension plan investments	485,064	-
Changes of assumptions	66,059	-
Changes in proportion and differences between the County contributions and proportionate share of contributions	146,013	62,392
The County contributions subsequent to the measurement date	182,015	-
Total	\$ 981,653	62,392

\$182,015 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	Pension Expense
2021	\$ 72,385
2022	246,800
2023	261,758
2024	156,303
Total	\$ 737,246

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. DEFINED BENEFIT PENSION PLAN(continued)

Actuarial assumptions

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

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

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real estate	10.00	4.00
Private equity	8.00	6.25
Cash	1.00	-
Total	100.00 %	

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. DEFINED BENEFIT PENSION PLAN(continued)

Discount Rate

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

Sensitivity of 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%, 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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The County's proportionate share of the net pension liability	\$ 15,034,582	11,808,891	8,793,023

Pension plan fiduciary net position

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 11. LONG-TERM DEBT

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental activities:			
A. General obligation bonds:			
General Obligation Refunding Bonds, Series 2008	\$ 658,000	3.99%	08/01/2023
Total General Obligation Bonds	\$ 658,000		
B. Capital Leases:			
John Deere motor grader	\$ 41,180	3.90%	05/28/2022
(2) John Deere motor graders	78,129	3.90%	05/28/2022
(2) Mack dump trucks	31,646	3.69%	06/26/2021
Mini Excavator	49,502	5.85%	04/08/2022
2 JD 6150E w/boom, 4 JD 6105E	364,199	4.07%	06/05/2024
Mini Excavator	57,505	4.50%	07/01/2023
Total Capital Leases	\$ 622,161		
C. Other Loans:			
Fire Truck - CAP Loan	\$ 3,260	1.35%	12/01/2020
(2) 2017 Dodge Pickups	22,808	3.24%	04/24/2021
Three Rivers Road and Bridge Loan	485,635	3.00%	05/27/2030
Total Other Loans	\$ 511,703		
Business-type Activities:			
A. Limited Obligation Bonds:			
Revenue Refunding Bonds, Series 2015	\$ 7,890,000	2.50 - 3.12%	04/23/2031
Total Limited Obligation Bonds	\$ 7,890,000		

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$9,140,000 (\$7,890,000 outstanding at September 30, 2020) in limited obligation refunding bonds issued in April 2015. Proceeds from the bonds provided financing for the construction of the Chickasaw County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through April 23, 2031. Annual principal and interest payments on the bonds are expected to require less than 24 percent of net revenues.

The total principal and interest remaining to be paid on the Series 2015 refunding bonds is \$9,314,678. Principal and interest paid for the current year and total inmate housing net revenues were \$875,757 and \$3,811,549, respectively.

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 11. LONG-TERM DEBT (continued)

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2021	\$ 211,000	26,254	70,037	14,149
2022	219,000	17,835	45,306	12,630
2023	228,000	9,097	46,684	11,252
2024	-	-	48,104	9,832
2025	-	-	49,564	8,369
2026-2030	-	-	252,008	18,366
Total	\$ 658,000	53,186	511,703	74,598

Business-Type Activities:

Year Ending September 30,	Limited Obligation Bonds	
	Principal	Interest
2021	\$ 625,000	217,688
2022	645,000	202,063
2023	665,000	185,938
2024	675,000	169,313
2025	695,000	152,438
2026-2030	3,765,000	471,613
2031	820,000	25,625
Total	\$ 7,890,000	1,424,678

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 127,493	25,208	-	152,701	-
General obligation debt	861,000	-	203,000	658,000	211,000
Capital leases	774,659	62,380	214,878	622,161	227,651
Other loans	79,812	500,000	68,109	511,703	70,037
Total governmental activities	\$ 1,842,964	587,588	485,987	1,944,565	508,688

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 11. LONG-TERM DEBT (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type activities:					
Limited obligation bonds	\$ 8,525,000	-	635,000	7,890,000	625,000
Add: Bond premium	18,948	-	1,579	17,369	-
Compensated absences	55,586	-	14,431	41,155	-
Total business-type activities	<u>\$ 8,599,534</u>	<u>-</u>	<u>651,010</u>	<u>7,948,524</u>	<u>625,000</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Countywide Road Maintenance Fund, Reappraisal Fund, 911 Emergency Service Fund and the Correctional Facility Fund.

NOTE 12. CONTINGENCIES

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

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

NOTE 13. EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of \$(6,641,335) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$144,401 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$564,545 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$45,059 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next three years.

The business-type activities' unrestricted net position amount of \$(1,573,835) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$37,614 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$235,093 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$17,333 balance of the deferred inflow of resources related to pension at September 30, 2020 will be recognized in pension expense over the next three years.

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 14. JOINT VENTURE

The County participates in the following joint venture:

Chickasaw County is a participant with Pontotoc and Calhoun Counties in the Dixie Regional Library System, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate libraries. The joint venture is governed by a board that is composed of five members appointed by the three Boards of Supervisors as follows: two of the counties at any time have two board appointed members, while the third county has one of the board members. The county with one member gets to fill the next vacant seat. No single county ever has a majority of the board members. By contractual agreement, the three counties contribute approximately 53% of the library's operating budget. For the fiscal year ended September 30, 2020, Chickasaw County appropriated \$77,545. Complete financial statements for the Dixie Regional Library System can be obtained from Dixie Regional Library System, 111 North Main Street, Pontotoc, MS 38863-2103.

NOTE 15. JOINTLY GOVERNED ORGANIZATIONS

The County participates in the following jointly governed organizations:

Three Rivers Planning and Development District provides services for the following counties: Calhoun, Chickasaw, Lafayette, Lee, Monroe, Pontotoc, and Union. The Chickasaw County Board of Supervisors appoints five of the forty members to the board. The County appropriated \$35,535 for the year ended September 30, 2020.

Northeast Mental Health-Mental Retardation Commission is a separate legal entity. The following counties are participants: Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc, and Union. Each county Board of Supervisors appoints one member. The County appropriated \$29,997 for the year ended September 30, 2020.

Itawamba Community College operates in a district composed of the following counties: Chickasaw, Itawamba, Lee, Monroe and Pontotoc. The Chickasaw County Board of Supervisors appoints six of the thirty members of the college board of trustees. The County appropriated \$509,182 for maintenance and support for the year ended September 30, 2020.

NOTE 16. TAX ABATEMENTS

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Chickasaw County Board of Supervisors negotiates property tax abatements on an individual basis. Abatements are for ten years and are for economic development purposes. The County had five (5) tax abatement agreements with five (5) entities as of September 30, 2020.

The County had one type of abatement, which does not provide abatement of school or state taxes levies.

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 16. TAX ABATEMENTS (continued)

Section 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

All five companies have tax abatements listed under this statute.

Their economic development projects, collectively, had \$19,933 in taxes abated in fiscal year 2020 accounting for 90% of taxes abated of potential collections without abatements present.

NOTE 17. DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

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

Fund	Deficit Amount
County Improvement Fund	\$ 44,775
E911 Fund	19,810
County Wide Bridge and Culvert Fund	12,560

NOTE 18. SUBSEQUENT EVENTS

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

- In fiscal year 2020, the County approved to transition from funding solid waste activities with millage to funding it with fees charged to customers. Beginning in fiscal year 2021, the solid waste fund will be presented as a business-type activity.
- In August 2021, the County financed approximately \$172,000 to purchase a fire truck.

REQUIRED SUPPLEMENTARY INFORMATION

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CHICKASAW COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE-
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
For the Year Ended September 30, 2020
(UNAUDITED)

	Original Budgeted	Final Budgeted	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 4,341,753	4,273,583	4,273,583	-
Licenses, commissions and other revenues	341,434	333,529	333,529	-
Fines and forfeitures	256,800	195,159	195,159	-
Intergovernmental revenues	442,653	452,002	452,002	-
Interest income	20,500	44,481	44,481	-
Miscellaneous revenues	<u>294,000</u>	<u>321,725</u>	<u>321,725</u>	<u>-</u>
Total Revenues	<u>5,697,140</u>	<u>5,620,479</u>	<u>5,620,479</u>	<u>-</u>
Expenditures by Major Budgetary Function				
General government	3,200,638	2,861,854	2,861,854	-
Public safety	1,444,211	1,406,805	1,406,805	-
Health and welfare	201,237	160,366	160,366	-
Conservation of natural resources	122,136	89,871	89,871	-
Economic development and assistance	<u>63,000</u>	<u>51,113</u>	<u>51,113</u>	<u>-</u>
Total Expenditures	<u>5,031,222</u>	<u>4,570,009</u>	<u>4,570,009</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>665,918</u>	<u>1,050,470</u>	<u>1,050,470</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	47,679	-	(47,679)
Transfers out	-	(770,926)	(770,926)	-
Other financing sources (uses)	<u>-</u>	<u>46,268</u>	<u>46,268</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(676,979)</u>	<u>(724,658)</u>	<u>(47,679)</u>
Net Change in Fund Balance	665,918	373,491	325,812	(47,679)
Fund Balances-Beginning	<u>1,844,133</u>	<u>495,628</u>	<u>495,628</u>	<u>-</u>
Fund Balances-Ending	<u>\$ 2,510,051</u>	<u>869,119</u>	<u>821,440</u>	<u>(47,679)</u>

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

CHICKASAW COUNTY, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
COUNTYWIDE ROAD MAINTENANCE FUND
For the Year Ended September 30, 2020
(UNAUDITED)

	Original Budgeted	Final Budgeted	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,159,221	154,680	154,680	-
Road and bridge privilege taxes	-	213,174	213,174	-
Intergovernmental revenues	-	1,100,301	1,100,301	-
Miscellaneous revenues	-	24,494	24,494	-
Total Revenues	<u>1,159,221</u>	<u>1,492,649</u>	<u>1,492,649</u>	<u>-</u>
Expenditures				
Public works	1,159,221	1,413,112	1,413,112	-
Debt service expenditures	-	180,454	180,454	-
Total Expenditures	<u>1,159,221</u>	<u>1,593,566</u>	<u>1,593,566</u>	<u>-</u>
Deficiency of Revenues Under Expenditure	-	(100,917)	(100,917)	-
Other Financing Sources (Uses)				
Transfers in	-	32,286	32,286	-
Other financing sources (uses)	-	68,631	68,631	-
Total other financing sources (uses)	<u>-</u>	<u>100,917</u>	<u>100,917</u>	<u>-</u>
Fund balance - Beginning	<u>17,250</u>	<u>13,018</u>	<u>13,018</u>	<u>-</u>
Fund balance - Ending	<u>\$ 17,250</u>	<u>13,018</u>	<u>13,018</u>	<u>-</u>

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

CHICKASAW COUNTY, MISSISSIPPI**SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System of Mississippi

Last 10 Fiscal Years*

(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.06 %	0.06 %	0.06 %	0.06 %	0.06 %	0.06 %
County's proportionate share of the net pension liability (asset)	\$11,808,891	10,512,259	10,065,110	9,974,036	10,896,123	9,831,306
County's covered payroll	\$ 4,023,578	3,522,713	3,864,324	3,838,260	3,870,760	3,971,130
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	293.49 %	298.41 %	260.46 %	259.86 %	281.50 %	247.57 %
Plan fiduciary net position as a percentage of the total pension liability	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

*The amount presented for each fiscal year were determined as of the 12 months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10-year trend is compiled, the County has only presented information for the years for which information is available.

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

CHICKASAW COUNTY, MISSISSIPPI**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS - (PERS)**

Public Employees Retirement System of Mississippi

Last 10 Fiscal Years*

(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 715,766	628,485	644,786	608,478	627,972	632,883
Contributions in relation to the contractually required contribution	<u>(715,766)</u>	<u>(628,485)</u>	<u>(644,786)</u>	<u>(608,478)</u>	<u>(627,972)</u>	<u>(632,883)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 4,113,601	3,884,333	4,093,879	3,863,352	3,987,124	4,018,305
Contributions as a percentage of covered payroll	17.40 %	16.18 %	15.75 %	15.75 %	15.75 %	15.75 %

This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB 68 was implemented in for the fiscal year ended September 30, 2015, and, until a full 10-year trend is compiled, the County has only presented information for the years for which information is available.

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020
(UNAUDITED)

NOTE 1. BUDGETARY COMPARISON SCHEDULE

A. Budgetary Information

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-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).

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>Countywide Road Maintenance Fund</u>
Budget (Cash Basis)	\$ 325,812	-
Increase (Decrease)		
Net adjustments for revenue accruals	239,122	566,176
Net adjustments for expenditure accruals	<u>79,759</u>	<u>(88,875)</u>
GAAP Basis	<u>\$ 644,693</u>	<u>477,301</u>

CHICKASAW COUNTY, MISSISSIPPI

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2020

(UNAUDITED)

NOTE 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 experience.

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The Wage inflation assumption was reduced from 3.75% to 3.25%. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019

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

- ◆ For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- ◆ For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- ◆ Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

- ◆ For males, 137% of male rates at all ages.
- ◆ For females, 115% of female rates at all ages.
- ◆ Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

CHICKASAW COUNTY, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020
(UNAUDITED)

NOTE 2. PENSION SCHEDULES (continued)

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

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

B. Changes in Benefit Provisions

2016

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

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

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

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

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SUPPLEMENTARY INFORMATION

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CHICKASAW COUNTY, MISSISSIPPI
RECONCILIATION OF OPERATING COSTS OF SOLID WASTE
For the Year Ended September 30, 2020

Operating Expenditures, Cash Basis:

Salaries	\$	115,903
Expendables Commodities:		
Gasoline and petroleum		26,970
Repair parts		20,290
Interest Expenses		1,052
Maintenance		<u>48,169</u>
Solid Waste Cash Basis Operating Expenditures		<u>212,384</u>
Full Cost Expenses:		
Indirect administrative costs		643
Depreciation on equipment		23,499
Net effect of other accrued expenses		<u>(6,973)</u>
Total Full Cost Expenses		<u>17,169</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>229,553</u></u>

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OTHER INFORMATION

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CHICKASAW COUNTY, MISSISSIPPI**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS**

For the Year Ended September 30, 2020

(UNAUDITED)

Name	Position	Company	Amount
Anderson McFarland	Supervisor District 1	Briarfield/FCCI	\$ 100,000
William Blissard	Supervisor District 2	Western Surety	100,000
Russell Brooks	Supervisor District 3	Western Surety	100,000
Tommie Bowen	Supervisor District 4	Western Surety	100,000
Russell King	Supervisor District 5	FCCI Insurance	100,000
Norman Griffin	County Administrator	Briarfield/FCCI	100,000
Tiffany Lovvorn	Chancery Clerk	Western Surety	100,000
Tommie Morgan	Purchase Clerk	Western Surety	75,000
Cassandra Pulliam	Circuit Clerk	Briarfield/FCCI	100,000
Sue Ard	Tax Collector/Assessor	Western Surety	100,000
Emily Makamson	Deputy Tax Collector	Western Surety	50,000
Nasheena Nance	Deputy Tax Collector	Western Surety	50,000
Ruby King	Deputy Tax Collector	Western Surety	50,000
Paula Harmon	Deputy Tax Collector	Western Surety	50,000
James D Meyers	Sheriff	Western Surety	100,000
Michael Fowler	Coroner	Western Surety	50,000
Gary Turner	Justice Court Judge	Western Surety	50,000
Judy Posey	Justice Court Judge	Western Surety	50,000
Billy Voyles	Constable	Western Surety	50,000
Unshay Randle	Constable	Western Surety	50,000
Doug Winter	Roan Manager	Briarfield/FCCI	50,000
Brittany Brown	Receiving Clerk	Western Surety	75,000
Tiffany Lovvorn	Inventory Control Clerk	Western Surety	75,000
Glenda Dixon	Justice Court Clerk	Briarfield/FCCI	50,000
Sue Gann	Justice Court Clerk	Western Surety	50,000
Patti Stallings	Deputy Circuit Clerk	Briarfield/FCCI	50,000
Lisa McElhenney	Deputy Circuit Clerk	Briarfield/FCCI	50,000
Whitney Morgan	Deputy Circuit Clerk	Western Surety	50,000
Blake Westmoreland	Deputy Sheriff	Western Surety	50,000
Linda Griffin	Deputy Sheriff	Western Surety	50,000
Huffman Brand	Deputy Sheriff	Western Surety	50,000

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SPECIAL REPORTS

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

To the Members of the Board of Supervisors
Chickasaw 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, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Chickasaw County, Mississippi's basic financial statements and have issued our report thereon dated December 31, 2024. 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. Our report includes a qualified opinion on the governmental activities, business-type activities, and Chickasaw County Regional Correctional Facility Fund because the county did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, and 2020-006 that we consider to be material weaknesses.

Membership in:

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AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



America Counts on CPAs

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

Page 2

Compliance and Other Matters

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

We also noted certain matters which we have reported to the management of Chickasaw County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and Limited Internal Control and Compliance Review Management Report dated December 31, 2024, included within this document.

Chickasaw County's Responses to Findings

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

Walfe, McBuff + Oppai

Pascagoula, Mississippi
December 31, 2024



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

Members of the Board of Supervisors
Chickasaw County, Mississippi

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

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

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

The results of our procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding, recommendation, and your response are disclosed below:

Purchase Clerk

Finding 1: Public Officials Should Ensure Compliance with State Law over Purchasing Schedules.

Repeat Finding: No.

Criteria: Section 31-7-115, Mississippi Code Annotated (1972), states, "The State Auditor, or a certified public accountant employed by the State Auditor, shall, upon the close of the fiscal year of the county, make an audit of the books, records, supporting documents and other data of the county purchase clerk and the inventory control clerk. The Auditor shall review the county's compliance with Section 31-7-13(d), (k) and (m). The audit report shall include a schedule of purchases not made from the lowest bidder under the authority of Section 31-7-13(d), with the reasons given therefore. The audit report shall include a schedule of emergency purchases made under the authority of Section 31-7-13(k). The audit report shall include a schedule of purchases made noncompetitively from a sole source under the authority of Section 31-7-13(m)...."

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Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code. Ann. (1972))
Page 2

Condition: During the course of our audit, we noted the following instances of noncompliance with State law:
•The Purchase Clerk did not properly maintain the Purchasing Schedules

Cause: The Purchase Clerk failed to properly maintain the Purchasing Schedules.

Effect: Failure to properly record purchases on the Purchasing Schedules results in noncompliance with State law and could result in the misappropriation of public funds.

Recommendation: The Purchase Clerk should ensure that the Purchasing Schedules are properly maintained.

Official Response: No response was provided.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Chickasaw County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

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

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

Walfe, McDuff + Oppen

Pascagoula, Mississippi
December 31, 2024

CHICKASAW COUNTY, MISSISSIPPI

Schedule 1

SCHEDULE OF PURCHASES FROM OTHER THAN THE LOWEST BIDDER

For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason</u>
1/6/2020	Washed gravel	\$11.15 per ton	APAC	\$9.50 per ton	Distance
6/23/2020	Washed gravel	\$11.15 per ton	APAC	\$9.75 per ton	Distance

CHICKASAW COUNTY, MISSISSIPPI

Schedule 2

SCHEDULE OF EMERGENCY PURCHASES

For the Year Ended September 30, 2020

Our test results did not identify any emergency purchases.

CHICKASAW COUNTY, MISSISSIPPI

Schedule 3

SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE

For the Year Ended September 30, 2020

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



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**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT
REPORT**

Members of the Board of Supervisors
Chickasaw County, Mississippi

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

In addition, for areas not considered material to Chickasaw County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 31, 2024, on the financial statements of Chickasaw County, Mississippi.

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

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

Board of Supervisors, Circuit Clerk, County Administrator, 1st District Justice Court Judge, 1st District Justice Court Clerk, 2nd District Justice Court Clerk, Purchase Clerk, Receiving Clerk, Road Manager, Tax Assessor/Collector and Sheriff

1. Public Officials should ensure compliance with state law over surety bonds.

Repeat Finding Yes

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Limited Internal Control and Compliance Review Management Report
Page 2

Criteria	<i>Section 25-1-15(2), Mississippi Code Annotated (1972)</i> , states “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”
Condition	The county is not in compliance with <i>Section 25-1-15(2), Mississippi Code Annotated (1972)</i> .
Cause	As a result of procedures performed, it was noted that several public officials had either continuation certificates or their surety bonds did not have a definite four-year period.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being incorrectly and insufficiently bonded, could result in the loss of public funds.
Recommendation	We recommend that the Public Officials ensure that they secure a new surety bond every four (4) years concurrent with the normal election cycle of the Governor or the normal election cycle of the local government applicable to the employee.
Views of Responsible Officials	At the regular board meeting of the Board of Supervisors, on 1/6/20, the Chancery Clerk presented to the Supervisors new surety bonds, that previously had either continuation certificates or did not have a definite four-year period, with an expiration date of 1/1/24, which coincides with the normal election cycle of the local government applicable to the employees.

Chancery Clerk

2.	The Chancery Clerk should ensure compliance with state law over depository.
Repeat Finding	Yes
Criteria	<i>Section 27-105-371, Mississippi Code Annotated (1972)</i> , states “All county officials who receive funds under the authority of their office shall deposit such funds into a county depository.”
Condition	The county is not in compliance with <i>Section 27-105-371, Mississippi Code Annotated (1972)</i> .
Cause	As a result of procedures performed, it was discovered that the Chancery Clerk’s office had three bank accounts maintained at the Houston Banking Center, which was not the approved bank depository authorized by the Board of Supervisors.
Effect	Failure to deposit county funds into an approved depository could lead to a loss of public funds.

Limited Internal Control and Compliance Review Management Report

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Recommendation	We recommend that the Chancery Clerk ensure that all county funds are deposited into an approved depository.
Views of Responsible Officials	At the regular board meeting of the Board of Supervisors, on 1/6/20, the Board of Supervisors approved Houston Banking Center as a secondary county depository

Board of Supervisors

3.	Public Officials Should Ensure Compliance with State law over Cafeteria Plans.
Repeat Finding	No
Criteria	<p>Section 25-17-9 (2), Mississippi Code Annotated (1972), states, “The State Auditor shall compile a list of providers of cafeteria plans which shall contain those providers he deems acceptable to provide benefits or services related to a cafeteria plan of a state agency or local government entity.</p> <p>Section 25-17-9 (3), Mississippi Code Annotated (1972), states, “Only providers who appear on the most recent list compiled by the State Auditor shall, directly or indirectly, provide benefits included in or administrative services related to cafeteria plans of a state agency or local governmental entity...”</p>
Condition	During the course of our audit, we noted that the County’s cafeteria plan provider was not included on the Office of the State Auditor’s list of 2020 approved cafeteria plan providers.
Cause	The Board of Supervisors did not ensure that the county’s cafeteria plan provider was on the list approved by the Office of the State Auditor.
Effect	Failure to select a provider from the list of approved providers could result in misappropriation of public funds.
Recommendation	The Board of Supervisors should choose a cafeteria plan provider that is approved by the Office of the State Auditor.
Views of Responsible Officials	No response was provided.

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Board of Supervisors

4. Public Officials Should Ensure Compliance with State Law over the Publication of the Original Budget for the Fiscal Year.

Repeat Finding No

Criteria Section 19-11-7, Mississippi Code Annotated (1972), states "(1) The county administrator of each county of the State of Mississippi shall prepare and submit to the board of supervisors....The budget, including the sheriff's budget, containing such statement of revenues and expenses shall be published at least one (1) time during August or September but not later than September 30 of the year in a newspaper published in the county, or if no newspaper is published therein, then in a newspaper having a general circulation therein."

Condition During the course of the audit, we noted that the original budget for the fiscal year was not published in the newspaper.

Cause Public officials failed to ensure that proper publication was performed within the timeframe prescribed by law.

Effect Failure to publish the County's original budget for the fiscal year is not in compliance with State statutes and could diminish fiscal transparency for the County.

Recommendation The Board of Supervisors should ensure that compliance with publication laws is achieved through proper publication of the original budget in accordance with the timelines established by State law.

Views of Responsible Officials No response was provided.

Chickasaw County, Mississippi's response(s) to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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

Walfe, McDuff + Oppen

Pascagoula, Mississippi
December 31, 2024

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SCHEDULE OF FINDINGS AND RESPONSES

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CHICKASAW COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2020

Section I: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
Aggregate discretely presented component unit	Adverse
General Fund	Unmodified
Countywide Road Maintenance Fund	Unmodified
Chickasaw County Regional Correctional Facility Fund	Qualified
Aggregate remaining fund information	Unmodified

2. Internal controls over financial reporting:

a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified?	None reported

3. Noncompliance material to financial statements noted?

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 under *Government Auditing Standards*.

Board of Supervisors

Material Weakness

2020-001 The County should include discretely-presented component units within its financial statements.

Repeat Finding Yes, 2019-001

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

Condition The financial statements do not include the financial data of the legally separate component units.

Cause Management chooses to omit this information.

Effect The Independent Auditor's Report on the discretely-presented component units is adverse because of the failure of the County to include this information alongside the financial data of the County's primary government resulting in the failure to properly follow generally accepted accounting principles.

CHICKASAW COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2020

Recommendation	The Board of Supervisors should provide the financial data for its discretely presented component units for inclusion in the County's financial statements.
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Views of Responsible Official(s)	The Board of Supervisors will consider adding these to the financials in future periods.
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Board of Supervisors

Material Weakness

2020-002	Lack of proper segregation of duties over general accounting functions.
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Repeat Finding	Yes, 2019-002
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Criteria	As reported in the prior year's audit report, cash disbursement, collection, deposit preparation, general journal, recording, and reconciling functions are not properly segregated to ensure an adequate internal control structure. An effective system of internal control over general accounting functions should include an adequate segregation of duties in the cash disbursement, collection, deposit preparation, general journal, recording, and reconciling functions.
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Condition	Due to an improperly designed internal control structure, both bookkeepers can receipt funds, prepare deposits, post receipts to the general ledger, process disbursements, and sign checks. In addition, one of the bookkeepers also records general journal entries and prepares the bank reconciliations. This significant deficiency, considered to be a material weakness, could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.
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Cause	Lack of enough personnel to properly segregate applicable duties.
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Effect	The failure to properly segregate these duties could result in the misappropriation of county funds.
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Recommendation	The Board of Supervisors should implement an effective system of internal control over general accounting functions that provides a proper segregation of duties for cash disbursement, collection, deposit preparation, general journal, recording, and reconciling functions.
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Views of Responsible Official(s)	The Board of Supervisors will implement effective internal control policies as feasible. Due to limited financial resources, the county is not able to hire additional personnel to achieve the desirable segregation of duties.
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Board of Supervisors

Material Weakness

2020-003	Lack of proper segregation of duties over the payroll function.
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Repeat Finding	Yes, 2019-003
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CHICKASAW COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2020

Criteria	As reported in the prior year's audit report, the maintenance of the general ledger, processing of payroll, and other payroll duties are not properly segregated to ensure an adequate internal control structure. An effective system of internal control over the payroll function should include an adequate segregation of duties over all the payroll duties.
Condition	Due to an improperly designed internal control structure, one bookkeeper inputs all payroll information in the master file, processes the payroll checks, has authority to sign the checks, prepares 941 forms, prepares W-2 forms, and reconciles the bank account, in addition to having responsibility for all general ledger functions. This significant deficiency, considered to be a material weakness, could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.
Cause	Lack of enough personnel to properly segregate applicable duties.
Effect	The failure to properly segregate these duties could result in the misappropriation of county funds.
Recommendation	The Board of Supervisors should implement an effective system of internal controls over the payroll function that will ensure proper segregation of duties exists with respect to control of the general ledger, the processing of payroll, and other payroll duties.
Views of Responsible Official(s)	The Board of Supervisors will implement effective internal control policies as feasible. Due to limited financial resources, the county is not able to hire additional personnel to achieve the desirable segregation of duties.

Tax Assessor/Collector

Material Weakness

2020-004	Lack of proper segregation of duties over tax collections in the Tax Assessor/Collector's office.
Repeat Finding	Yes, 2019-004

Criteria	As reported in the prior year's audit report, cash collection, disbursement, recording, and reconciling functions in the Tax Assessor/Collector's office are not properly segregated to ensure an adequate internal control structure. An effective system of internal control over tax collections should include an adequate segregation of duties over cash collection, disbursement, recording and reconciling functions, and adequate physical safeguards over cash collections.
Condition	Due to an improperly designed internal control structure, the head bookkeeper can collect money, disburse funds, prepare deposits, take the deposits to the bank, record transactions in the cash journal, and reconcile the bank accounts. This significant deficiency, considered to be a material weakness, could result in the loss of public funds.

CHICKASAW COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2020

Cause	Lack of enough personnel to properly segregate applicable duties.
Effect	The failure to properly segregate these duties could result in the misappropriation of county funds.
Recommendation	The Tax Assessor/Collector should implement effective internal control policies over tax collections to ensure a proper segregation of duties in the cash collection, disbursement, recording, and reconciling functions.
Views of Responsible Official(s)	The Tax Assessor/Collector will implement effective internal controls as feasible with the available resources.

Justice Court Clerk

Material Weakness

2020-005	Lack of proper segregation of duties over collections in the Justice Court Clerk's office.
Repeat Finding	Yes, 2019-005
Criteria	As reported in the prior year's audit report, cash collection, disbursement, recording, and reconciling functions in the Justice Court Clerk's office are not properly segregated to ensure an adequate internal control structure. An effective system of internal control over collections in the Justice Court Clerk's office should include an adequate segregation of duties over the cash collection, disbursement, recording, and reconciling functions.
Condition	All Justice Court Clerks and Deputy Clerks receipt funds, prepare deposits, calculate monthly settlement reports, post to cash journals, reconcile bank statements, and disburse funds. This significant deficiency, considered to be a material weakness, could result in the loss of public funds.
Cause	Lack of enough personnel to properly segregate applicable duties.
Effect	The failure to properly segregate these duties could result in the misappropriation of county funds.
Recommendation	The Justice Court Clerk's office should implement an effective system of internal control over collections to ensure a proper segregation of duties over the cash collection, cash disbursement, recording, and reconciling functions.
Views of Responsible Official(s)	Due to limited personnel and financial resources, an adequate segregation of duties is not feasible in the Justice Court Clerk's office.

CHICKASAW COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2020

Regional Jail

Material Weakness

2020-006	Lack of proper segregation of duties over cash collections in the Regional Jail.
Repeat Finding	Yes, 2019-006
Criteria	Cash collection, disbursement, recording, and reconciling functions in the Regional Jail's office are not properly segregated to ensure an adequate internal control structure. An effective system of internal control over collections and disbursements in the Regional Jail's office should include an adequate segregation of duties over the cash collection, disbursement, recording, and reconciling functions.
Condition	One employee receipts funds, prepares deposits, calculates settlement reports, posts to cash journals, reconciles bank statements, and disburses petty cash funds. This significant deficiency, considered to be a material weakness, could result in the loss of public funds.
Cause	Lack of enough personnel to properly segregate applicable duties.
Effect	The failure to properly segregate these duties could result in the misappropriation of county funds.
Recommendation	The Regional Jail's office should implement an effective system of internal control over collections and disbursements to ensure a proper segregation of duties over the cash collection, cash disbursement, recording, and reconciling functions.
Views of Responsible Official(s)	In the future, the Sheriff will review and approve all petty cash disbursements, petty cash reconciliations, and petty cash reimbursements.