ATTALA COUNTY, MISSISSIPPI

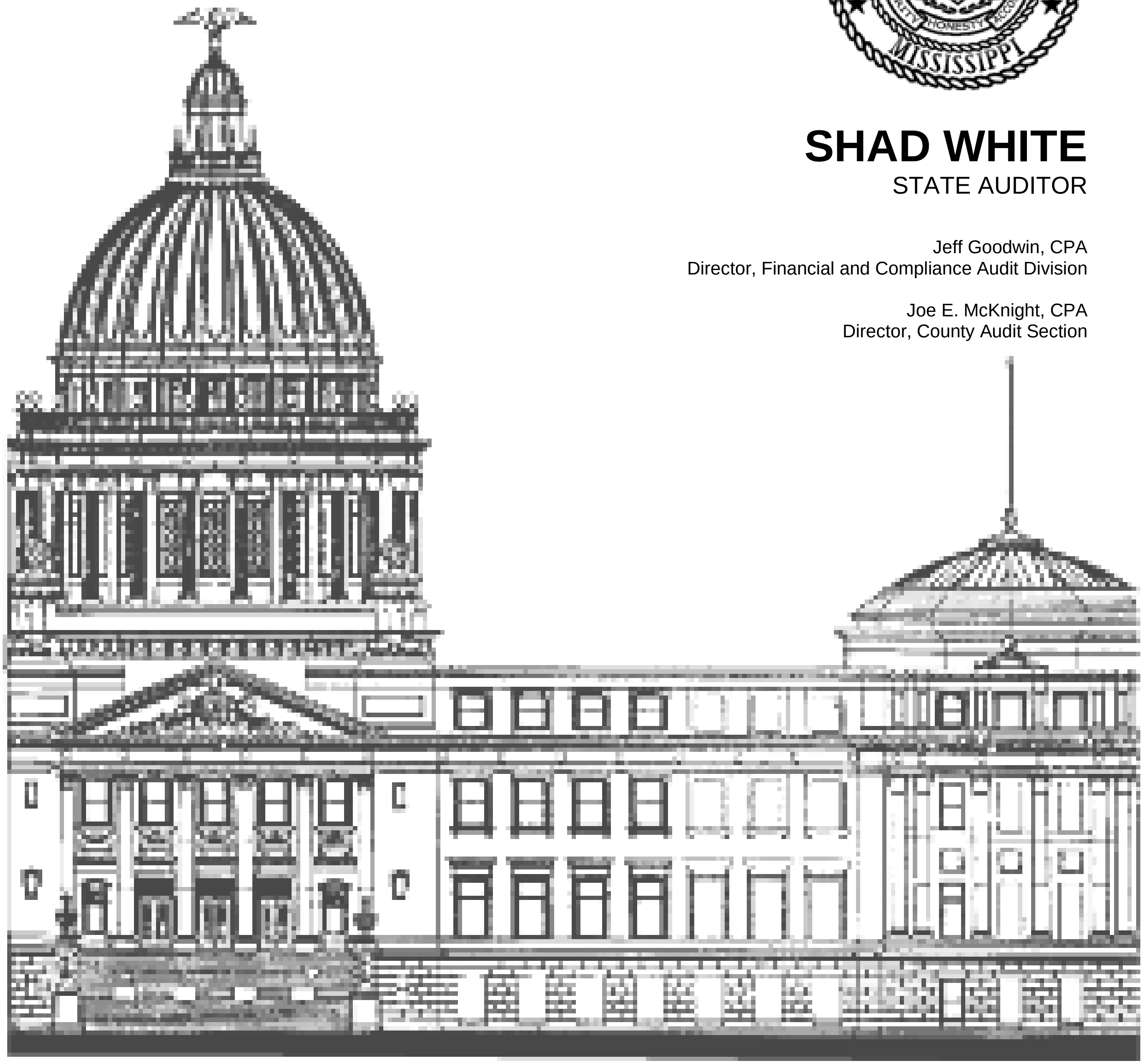
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018

SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

April 15, 2024

Members of the Board of Supervisors
Attala County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 financial and compliance audit report for Attala County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

Shad White

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ATTALA COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Attala County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule 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.

Omission of Required Supplementary Information

Attala 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.

Other Information

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 April 15, 2024 on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Attala 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 Attala County, Mississippi's internal control over financial reporting and compliance.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 15, 2024

ATTALA COUNTY

FINANCIAL STATEMENTS

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ATTALA COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

		Primary Government Governmental Activities
ASSETS		
Cash	$	13,157,677
Investments		2,000,000
Restricted assets - investments		2,422,783
Property tax receivable		6,462,040
Accounts receivable (net of allowance for uncollectibles of $17,683,768)		0
Fines receivable (net of allowance for uncollectibles of $982,362)		142,366
Capital lease receivable		8,883,131
Intergovernmental receivables		215,247
Other receivables		3,476
Prepaid items		221,768
Capital assets:		
Land and construction in progress		2,133,695
Other capital assets, net		19,833,299
Total Assets		55,475,482
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		273,678
Total Deferred Outflows of Resources		273,678
LIABILITIES		
Claims payable		429,050
Intergovernmental payables		305,288
Accrued interest payable		191,410
Amounts held in custody for others		184,017
Long-term liabilities		
Net pension liability		8,304,510
Due within one year:		
Capital debt		486,971
Non-capital debt		189,266
Due in more than one year:		
Capital debt		5,573,495
Non-capital debt		4,313,253
Total Liabilities		19,977,260
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		271,271
Deferred revenues - property taxes		6,462,040
Deferred revenues - capital lease receivable		3,187,144
Total Deferred Inflows of Resources		9,920,455
NET POSITION		
Net investment in capital assets		15,906,528
Restricted for:		
Expendable:		
General government		94,619
Public safety		465,748
Public works		7,846,337
Health and welfare		6,992,798
Debt service		323,439
Unemployment compensation		49,543
Unrestricted		(5,827,567)
Total Net Position	$	25,851,445

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

ATTALA COUNTY
Statement of Activities
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Primary government:						
Governmental activities:						
General government	$	3,314,823	456,750	71,787		(2,786,286)
Public safety		2,403,633	186,560	27,161		(2,189,912)
Public works		2,735,040		725,094		(2,009,946)
Health and welfare		706,749	151,189	27,268		(528,292)
Culture and recreation		107,305	4,972			(102,333)
Conservation of natural resources		99,553				(99,553)
Economic development and assistance		171,002				(171,002)
Interest on long-term debt		527,930				(527,930)
Pension expense		933,738				(933,738)
Total Governmental Activities	$	10,999,773	799,471	851,310	0	(9,348,992)

General revenues:		
Property taxes	$	7,470,957
In lieu taxes - Texas Gas		437,992
Road & bridge privilege taxes		240,012
Grants and contributions not restricted to specific programs		485,823
Unrestricted interest income		426,538
Miscellaneous		992,939
Total General Revenues		10,054,261
Changes in Net Position		705,269
Net Position - Beginning		25,146,176
Net Position - Ending	$	25,851,445

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

ATTALA COUNTY

Balance Sheet - Governmental Funds

September 30, 2018

Exhibit 3

		Major Funds			
		General Fund	Montfort Jones Memorial Hospital Lease Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$	5,790,775	779,091	6,587,811	13,157,677
Investments		1,500,000		500,000	2,000,000
Restricted assets - investments			500,680	1,922,103	2,422,783
Property tax receivable		4,502,842		1,959,198	6,462,040
Accounts receivable (net of allowance for uncollectibles of $17,683,768)			0		0
Fines receivable (net of allowance for uncollectibles of $982,362)		142,366			142,366
Capital lease receivable			8,883,131		8,883,131
Intergovernmental receivables		107,666		107,581	215,247
Other receivables			3,476		3,476
Due from other funds				38,973	38,973
Total Assets	$	12,043,649	10,166,378	11,115,666	33,325,693
LIABILITIES					
Liabilities:					
Claims payable	$	257,242		171,808	429,050
Intergovernmental payables		305,288			305,288
Due to other funds		38,973			38,973
Amounts held in custody for others		184,017			184,017
Total Liabilities		785,520	0	171,808	957,328
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes		4,502,842		1,959,198	6,462,040
Unavailable revenue - fines		142,366			142,366
Unavailable revenue - capital lease receivable			8,883,131		8,883,131
Total Deferred Inflows of Resources		4,645,208	8,883,131	1,959,198	15,487,537
Fund balances:					
Restricted for:					
General government				94,619	94,619
Public safety				465,748	465,748
Public works				7,846,337	7,846,337
Health and welfare			1,283,247	13,564	1,296,811
Debt service				514,849	514,849
Unemployment compensation				49,543	49,543
Unassigned		6,612,921			6,612,921
Total Fund Balances	$	6,612,921	1,283,247	8,984,660	16,880,828
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	12,043,649	10,166,378	11,115,666	33,325,693

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

ATTALA COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

		Amount
Total Fund Balance - Governmental Funds	$	16,880,828
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of $15,781,119.		21,966,994
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		142,366
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(10,562,985)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(8,304,510)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(191,410)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.		5,695,987
Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition, and therefore, are not reported in the funds.		221,768
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		273,678
Deferred inflows of resources related to pensions		(271,271)
Total Net Position - Governmental Activities	$	25,851,445

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

ATTALA COUNTY Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2018

	Major Funds			
	General Fund	Montfort Jones Memorial Hospital Lease Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 5,243,949		2,227,008	7,470,957
In lieu taxes - Texas Gas	200,000		237,992	437,992
Road and bridge privilege taxes			240,012	240,012
Licenses, commissions and other revenue	297,003		4,972	301,975
Fines and forfeitures	175,104		8,061	183,165
Intergovernmental revenues	411,751		925,382	1,337,133
Charges for services	13,700	200,801	152,086	366,587
Interest income	59,074	300,457	69,851	429,382
Miscellaneous revenues	553,816	172,132	229,479	955,427
Total Revenues	6,954,397	673,390	4,094,843	11,722,630
EXPENDITURES				
Current:				
General government	3,202,527		296,231	3,498,758
Public safety	2,334,328		192,040	2,526,368
Public works	147,090		2,360,858	2,507,948
Health and welfare	208,156	444,593		652,749
Culture and recreation	103,937			103,937
Conservation of natural resources	103,567			103,567
Economic development and assistance	139,219			139,219
Debt service:				
Principal		195,000	493,310	688,310
Interest		297,194	234,852	532,046
Total Expenditures	6,238,824	936,787	3,577,291	10,752,902
Excess of Revenues over (under) Expenditures	715,573	(263,397)	517,552	969,728
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			64,987	64,987
Transfers in			73,637	73,637
Transfers out			(73,637)	(73,637)
Lease principal payments		195,000		195,000
Total Other Financing Sources and Uses	0	195,000	64,987	259,987
Net Changes in Fund Balances	715,573	(68,397)	582,539	1,229,715
Fund Balances - Beginning, as previously reported	5,897,348	1,593,438	8,402,121	15,892,907
Prior period adjustment		(241,794)		(241,794)
Fund Balances - Beginning, as restated	5,897,348	1,351,644	8,402,121	15,651,113
Fund Balances - Ending	$ 6,612,921	1,283,247	8,984,660	16,880,828

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

ATTALA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2018

	Amount
Net Changes in Fund Balances - Governmental Funds	$ 1,229,715
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of $935,632 exceeded capital outlay of $448,600 in the current period.	(487,032)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of $37,512 and the proceeds from the sale of $64,987 in the current period.	(27,475)
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.	(2,644)
Patient account 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.	(49,612)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments of $688,310.	688,310
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in accrued interest payable.	9,522
The amortization of bond discounts.	(5,406)

ATTALA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

		Amount
Under the modified accrual basis of accounting used in the Governmental Funds, prepaid items are reported as expenditures. However, in the Statement of Activities, only the portion of expenses related to the current period are reported. Thus, the change in net position differs from the change in fund balance by the amount of decrease in prepaid items.		(20,026)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the following items:		
The principal collections on the capital lease.		(195,000)
The decrease in capital leases receivable attributable to interest amortization.		(2,844)
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		(933,738)
Recording of contributions made during the year		501,499
Change in Net Position of Governmental Activities	$	705,269

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

ATTALA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 5

	Agency Funds
ASSETS	
Cash	$ 64,588
Total Assets	$ 64,588
LIABILITIES	
Intergovernmental payables	$ 64,588
Total Liabilities	$ 64,588

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Attala 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 Attala County to present these financial statements on the primary government and its component unit which has significant operational or financial relationships with the County.

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

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

B. Individual Component Unit Disclosures.

Blended Component Unit

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

The Montfort Jones Memorial Hospital (the Hospital) is a legally separate entity that until June 1, 2015 provided health care services primarily to residents of the region. On May 16, 2016 the Attala County Board of Supervisors assumed control of the Hospital by appointing themselves as the Hospital's Board of Trustees. The Hospital's Board of Trustees remains in order to wind down its operations, primarily collecting patient accounts receivable for dates of service prior to June 1, 2015. On April 9, 2015, the County entered into an agreement with Mississippi Baptist Health Systems, Inc. (Baptist) to lease the hospital facilities and transfer the operations effective June 1, 2015. As part of the agreement, Baptist purchased certain assets and assumed certain liabilities of the Hospital. The lease dated June 1, 2015 and maturing May 31, 2036 contains a bargain purchase option which can be exercised, subject to conditions, at any time beginning May 29, 2019 and continuing throughout the lease term. The lease is reported as a capital lease under generally accepted accounting principles in the United States of America (See Note 9). Additionally, the County issued $5 million of general obligation bonds for the purpose of liquidating outstanding hospital obligations. The Hospital is not responsible for repayment of these general obligation bonds. The Hospital does not issue separate financial statements.

C. 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 and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

Montfort Jones Memorial Hospital Lease Fund - This fund is used to account for the activities of the Montfort Jones Memorial Hospital.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value.

G. Receivables.

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

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Inventories and 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.

J. Restricted Assets.

Certain assets in the Hospital Bond Proceeds Fund are required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications. These have been reported as restricted assets. The County has set aside $1,922,103 of general obligations bond proceeds for payments of expenditures incurred by Montfort Jones Memorial Hospital, and for the retirement of the general obligation bonds issued in June 2015.

Certain assets in the Montfort Jones Memorial Hospital Lease Fund are required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications. These have been reported as restricted assets. The County has set aside $500,680 of funds for payments of expenditures incurred by Montfort Jones Memorial Hospital, and for the retirement of the general obligation bonds issued in May 2011.

K. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Attala 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.

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

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

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

L. 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.

<u>Deferred outflows related to pensions</u> - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

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

<u>Deferred revenue – property taxes/unavailable revenue- property taxes</u> - 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.

<u>Unavailable revenue – fines</u> - 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.

<u>Deferred inflows related to pensions</u> - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

<u>Unavailable revenue – capital lease receivable</u> - This amount represents the total principal and interest to be received over the life of the County's capital lease agreement. See Note 9 for additional details.

M. Pensions.

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

N. Long-term Liabilities.

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

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

O. 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:

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.

P. Property Tax Revenues:

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

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

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

Q. 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.

(2) Prior Period Adjustment.

A summary of the significant fund balance adjustment is as follows:

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation		Amount
Montfort Jones Memorial Hospital Lease Fund:		
To correct prepaid insurance recorded in governmental funds in error.	$	(241,794)

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was $13,222,265, and the bank balance was $13,440,355. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Restricted Assets - Investments:

As provided in *Section 91-13-8, Mississippi Code of 1972 Annotated*, the following investments of the County are handled through a trust indenture between the County and the trustee related to the $5,000,000 Taxable General Obligation Bonds Series 2015 Montfort Jones Memorial Hospital and the $6,500,000 Special Obligation Bonds Series 2011 Montfort Jones Memorial Hospital. In addition to these funds, the County has invested in a certificate of deposit with Renasant Bank in the amount of $2,000,000.

Investments balances at September 30, 2018, are as follows:

Investment Type	Maturities	Fair Value Level		Fair Value	Rating
Federal Prime Obligation Fund	Less than one year	1	$	2,422,783	AAAm
Renasant Bank - CD	Less than one year	1		2,000,000	AAAm
Total			$	4,422,783	

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs include U.S. government and agency securities, foreign government debt, listed equities and money market securities.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, *Section 19-9-29, Mississippi Code of 1972 Annotated* limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by *Sections 19-9-29* and *91-13-8, Mississippi Code of 1972 Annotated*. The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investments, $2,422,783 of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in certificates of deposit. These investments are 45.22% of the County's total investments and are reported in the General Fund, the County Road Maintenance Funds and the County Bridge and Culvert Maintenance Funds.

Investment Type	Fund		Fair Value	Percentage of total investments
Certificates of Deposit	General Fund	$	1,500,000	33.92%
Certificates of Deposit	Other Governmental Funds		500,000	11.31%
Total		$	2,000,000	

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund		Amount
Other Governmental Funds	General Fund	$	38,973

The receivable represents the tax revenue collected in September 2018, but not settled until October 2018. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfers In	Transfers Out		Amount
Other Governmental Funds	Other Governmental Funds	$	73,637

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2018, consisted of the following:

Description		Amount
Governmental Activities:		
Legislative tax credit	$	96,446
Motor vehicle fuel tax		59,461
Privilege tax		18,086
State Aid Road reimbursement		30,034
Welfare reimbursement		3,933
Heavy truck tags		4,120
Various other grant reimbursements		3,167
Total Governmental Activities	$	215,247

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

Governmental activities:

		Balance Oct. 1, 2017	Additions	Deletions	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	$	832,540			832,540
Construction in progress		1,043,550	257,605		1,301,155
Total non-depreciable capital assets		1,876,090	257,605	0	2,133,695
Depreciable capital assets:					
Infrastructure		18,497,630			18,497,630
Buildings		7,826,896			7,826,896
Improvements other than buildings			12,000		12,000
Mobile equipment		8,121,819	178,995	274,757	8,026,057
Furniture and equipment		403,581			403,581
Leased property under capital leases		848,254			848,254
Total depreciable capital assets		35,698,180	190,995	274,757	35,614,418

Governmental activities:

		Balance Oct. 1, 2017	Additions	Deletions	Balance Sept. 30, 2018
Less accumulated depreciation for:					
Infrastructure		4,015,801	412,292		4,428,093
Buildings		4,084,611	110,467		4,195,078
Improvements other than buildings			480		480
Mobile equipment		6,473,234	321,499	247,282	6,547,451
Furniture and equipment		318,985	14,551		333,536
Leased property under capital leases		200,138	76,343		276,481
Total accumulated depreciation		15,092,769	935,632	247,282	15,781,119
Total depreciable capital assets, net		20,605,411	(744,637)	27,475	19,833,299
Governmental activities capital assets, net	$	22,481,501	(487,032)	27,475	21,966,994

Depreciation expense was charged to the following functions:

		Amount
Governmental activities:		
General government	$	31,862
Public safety		73,694
Public works		744,411
Health and welfare		33,974
Culture and recreation		19,908
Economic development and assistance		31,783
Total governmental activities depreciation expense	$	935,632

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

Description of Commitment		Remaining Financial Commitment	Expected Date of Completion
State Aid Road - SAP-04(59) Bridge Replacement	$	59,340	January 2019
State Aid Road - LSBP 4(19) Bridge Replacement		309,922	June 2019

(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, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Operating Leases.

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was $563,684 for the year ended September 30, 2018.

Louisiana Extended Care Centers, Inc.

On November 14, 1994, Attala County entered into an operating lease with Louisiana Extended Care Centers, Inc. for the lease of certain property to be used for a nursing home for the purpose of safeguarding community health interest and enhancing and promoting the public health and general welfare of its citizens. The operating lease stipulated that commencing November 1, 1994 the lessee Louisiana Extended Care Centers, Inc. would pay the maximum amount of rent allowed by the Mississippi Medicaid Commission and, beginning July 1, 1995 and on the first day of July thereafter during the primary term of this lease, that the annual rental will be changed to a figure as allowed by the Medicaid Commission. The term of the primary sublease began on the closing date, November 14, 1994 and ended December 1, 2005. Louisiana Extended Care Centers, Inc. had an option to renew the lease for an additional 10 year period and exercised the option to renew effective January 1, 2006 and ending December 31, 2015 on the same terms and conditions contained in the original lease. On September 8, 2015, the County and the lessee agreed to an additional three year extension, effective January 1, 2016 and ending December 31, 2018, on the same terms and conditions contained in the original lease.

Ability Works, Inc.

On June 1, 2012, Attala County entered into an operating lease with Ability Works, Inc. for the lease of certain property located at 610 West Jefferson Street, Kosciusko, MS. The primary operating lease which stipulated that the lessee, Ability Works, Inc., would pay approximately $500 per month in lease payments began June 1, 2012 and ended on May 31, 2015. Ability Works, Inc. exercised an option to renew the lease for an additional three-year period beginning on June 1, 2015. On March 7, 2018, Ability Works, Inc. exercised an option to renew the lease for an additional three-year period, effective March 1, 2018 and ending March 31, 2021, on the same terms and conditions contained in the original lease.

The future minimum lease receivables for these leases are as follows:

Year Ending September 30		Louisiana Extended Care	Ability Works	Total
2019	$	139,421	6,000	145,421
2020			6,000	6,000
2021			3,000	3,000
Total Minimum Payments Required	$	139,421	15,000	154,421

(9) Capital Leases.

As Lessor:

On June 1, 2015, Attala County entered into a capital lease agreement with BMC-Attala, LLC for the lease of various buildings and land that was previously used for operations of the Montfort Jones Memorial Hospital. The capital lease stipulated that the lessee would make the principal and interest payments on the $6,500,000 Series 2011 Montfort Jones Memorial Hospital special obligations bond issue, with payments to commence on June 1, 2015 through the end of the initial lease term on May 1, 2036. BMC-Attala, LLC has the option to purchase the leased assets for the total amount of cash required to provide for defeasance of the Series 2011 Montfort Jones Memorial Hospital special obligations bond issue, plus $1. The purchase option may be exercised at any time beginning May 29, 2019, and continuing throughout the remainder of the lease term.

The County leases the following property as part of the capital lease with BMC-Attala, LLC (described above) as of September 30, 2018:

Classes of Property		Amount
Buildings	$	9,074,959
Land		12,767
Total	$	9,087,726

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2018, are as follows:

Year Ending September 30		Principal	Interest
2019	$	205,000	290,369
2020		210,000	282,169
2021		220,000	273,769
2022		230,000	264,969
2023		240,000	255,194
2024 - 2028		1,370,000	1,093,720
2029 - 2033		1,780,000	693,270
2034 - 2036		1,320,000	154,671
Total	$	5,575,000	3,308,131

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

Classes of Property		Governmental Activities
Mobile equipment	$	848,254
Less: Accumulated depreciation		(276,481)
Leased Property Under Capital Leases	$	571,773

The following is a schedule by years of the total payments due as of September 30, 2018:

		Governmental Activities	
Year Ending September 30		Principal	Interest
2019	$	116,643	5,280
2020		100,974	1,500
Total	$	217,617	6,780

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were $501,499, $490,583 and $501,704, respectively, equal to the required contributions for each year.

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

At September 30, 2018, the County reported a liability of $8,304,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2018 net pension liability was 0.049928 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.000943 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of $933,738. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	36,237	34,347
Net difference between projected and actual earnings on pension plan investments			156,039
Changes of assumptions		4,807	4,559
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		111,972	76,326
County contribututions subsequent to the measurement date		120,662	
Total	$	273,678	271,271

$120,662 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30		Amount
2019	$	75,775
2020		743
2021		(157,427)
2022		(37,346)
Total	$	(118,255)

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return
U.S. Broad	27.00	%	4.60
International Equity	18.00		4.50
Emerging Markets Equity	4.00		4.75
Global	12.00		4.75
Fixed Income	18.00		0.75
Real Estate	10.00		3.50
Private Equity	8.00		5.10
Emerging Debt	2.00		2.25
Cash	1.00		-
Total	100.00	%	

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

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 10,934,656	8,304,510	6,118,511

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2005 Industrial Bonds (Jack Post Property)	$ 350,000	4.88-5.50%	02/2020
Series 2011 Special Obligation Bonds (Montfort Jones Memorial Hospital)	5,575,000	3.00-5.63%	05/2036
Taxable General Obligation Bonds Series 2015	4,515,000	3.00-4.75%	09/2035
Total General Obligation Bonds	$ 10,440,000		
B. Capital Leases:			
Caterpillar 12M Road Grader	$ 31,621	1.75%	07/2019
Western Star 4700 F	50,539	2.90%	01/2020
Western Star 4700 F	50,539	2.90%	01/2020
Western Star 4700 F	84,918	2.90%	01/2020
Total Capital Leases	$ 217,617		

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

Governmental Activities:

Year Ending September 30		General Obligation Bonds Principal	General Obligation Bonds Interest
2019	$	565,000	496,074
2020		585,000	470,634
2021		425,000	450,309
2022		440,000	434,890
2023		460,000	417,584
2024 - 2028		2,600,000	1,764,835
2029 - 2033		3,320,000	1,053,763
2034 - 2036		2,045,000	189,469
Total	$	10,440,000	5,277,558

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, 2018, the amount of outstanding debt was equal to 5.27 percent (5.27%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

		Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
General obligation bonds	$	10,975,000		535,000	10,440,000	565,000
Less:						
Discounts		(100,038)		(5,406)	(94,632)	(5,406)
Capital leases		370,927		153,310	217,617	116,643
Total	$	11,245,889	0	682,904	10,562,985	676,237

(12) Contingencies.

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

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of $(5,827,567) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of $120,662 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, 2019. The $153,016 balance of the deferred outflows of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next three years. The $271,271 balance of the deferred inflows of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next four years.

The governmental activities' restricted for health and welfare net position amount of $6,992,798 includes the effect of deferring the recognition of revenue resulting from the capital lease receivable. The $3,187,144 balance of deferred inflows of resources at September 30, 2018, will be recognized as revenue and will increase the unrestricted net position over the next 18 years.

(14) Joint Venture.

The County participates in the following joint venture:

Attala County is a participant with the City of Kosciusko in a joint venture, authorized by *Section 61-3-5, Mississippi Code of 1972 Annotated*, to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport, and it is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The County has contributed $14,000 from the General Fund to the joint venture in fiscal year 2018. Financial statements are not available for the Attala County Airport Commission.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the following Counties: Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated $551,272 for maintenance and support of the college in fiscal year 2018.

Mid-Mississippi Regional Library System operates in a district composed of the following Counties: Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The County appropriated $297,053 for maintenance and support of the library in fiscal year 2018.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the following Counties: Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated $50,000 for maintenance and support of the center in fiscal year 2018.

Central Mississippi Emergency Medical Services District operates in a district composed of the following Counties: Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The County did not provide any support for the district in fiscal year 2018.

North Central Planning and Development District operates in a district composed of the following Counties: Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints four of the 28 members of the board of directors. The County appropriated $56,452 for support of the District in fiscal year 2018.

(16) Tax Abatements.

As of September 30, 2018, Attala County provides tax exempt status to a steel manufacturing company and a gas production company subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for the levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 27-31-10*1 and *27-31-105* of the *Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2018 totaled $319,251.

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Attala County evaluated the activity of the County through April 15, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2018, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
07/06/2020	1.89%	$ 52,236	Capital lease	Ad valorem taxes
01/04/2021	1.24%	200,000	Capital lease	Ad valorem taxes
03/24/2021	1.20%	200,000	Capital lease	Ad valorem taxes
02/28/2022	1.24%	50,220	Financed purchase	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

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ATTALA COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018
UNAUDITED

		Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES					
Property taxes	$	5,099,398	5,453,089	5,453,089	
Licenses, commissions and other revenue		267,300	298,080	298,080	
Fines and forfeitures		191,450	172,071	172,071	
Intergovernmental revenues		472,040	405,602	405,602	
Charges for services		36,500	16,035	16,035	
Interest income		22,700	59,803	59,803	
Miscellaneous revenues		419,056	540,469	540,469	
Total Revenues		6,508,444	6,945,149	6,945,149	0
EXPENDITURES					
Current:					
General government		3,367,134	3,162,448	3,162,448	
Public safety		1,951,884	2,339,074	2,339,074	
Public works		185,452	146,247	146,247	
Health and welfare		243,000	207,655	207,655	
Culture and recreation		116,727	102,849	102,849	
Conservation of natural resources		102,386	109,028	109,028	
Economic development and assistance		127,452	120,056	120,056	
Total Expenditures		6,094,035	6,187,357	6,187,357	0
Excess of Revenues over (under) Expenditures		414,409	757,792	757,792	0
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets			70,500	70,500	
Transfers in			106	106	
Other financing uses		(100,000)			
Total Other Financing Sources and Uses		(100,000)	70,606	70,606	0
Net Change in Fund Balance		314,409	828,398	828,398	0
Fund Balances - Beginning		5,804,000	4,500,295	4,500,295	0
Fund Balances - Ending	$	6,118,409	5,328,693	5,328,693	0

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

ATTALA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2018
UNAUDITED

		2018	2017	2016	2015
County's proportion of the net pension liability (asset)		0.049928%	0.048985%	0.049629%	0.050841%
County's proportionate share of the net pension liability (asset)	$	8,304,510	8,142,970	8,864,979	7,859,016
Covered payroll	$	3,188,387	3,142,428	3,174,871	3,176,248
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability		62.54%	61.49%	57.47%	61.70%

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

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

ATTALA COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2018
UNAUDITED

		2018	2017	2016	2015
Contractually required contribution	$	501,499	490,583	501,704	499,899
Contributions in relation to the contractually required contribution		501,499	490,583	501,704	499,899
Contribution deficiency (excess)	$	0	0	0	0
Covered payroll	$	3,184,121	3,114,813	3,185,420	3,173,962
Contributions as a percentage of covered payroll		15.75%	15.75%	15.75%	15.75%

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

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

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Notes to the Required Supplementary Information
For the Year Ended September 30, 2018

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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - Montfort Jones Memorial Hospital Lease Fund is not presented because this fund was not individually budgeted.

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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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

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

		Governmental Fund Type
		General Fund
Budget (Cash Basis)	$	828,398
Increase (Decrease)		
Net adjustments for revenue accruals		(61,358)
Net adjustments for expenditure accruals		(51,467)
GAAP Basis	$	715,573

D. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 2018:

Special Revenue Fund:
Montfort Jones Memorial Hospital Lease Fund

The unbudgeted funds are in violation of state law. However, the County has no liability associated with the violation.

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 assumptions was reduced from 3.75% to 3.25%.

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

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

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.

Notes to the Required Supplementary Information
For the Year Ended September 30, 2018

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	36.6 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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OTHER INFORMATION

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ATTALA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
UNAUDITED

Name	Position	Company	Bond
Robert (Bobby) Dodd Lindsay, Sr.	Supervisor District 1	Travelers	$100,000
Charles Fancher	Supervisor District 2	Travelers	$100,000
Jesse Steven Goss	Supervisor District 3	Travelers	$100,000
Kary Ellington	Supervisor District 4	Travelers	$100,000
Tim Pinkard	Supervisor District 5	Travelers	$100,000
Gerry Taylor	Chancery Clerk	Travelers	$100,000
Kristian Shane Cook	Purchase Clerk	Travelers	$75,000
Betty Jackson	Receiving Clerk	Travelers	$75,000
Regina Roundtree	Receiving Clerk	Travelers	$75,000
Beth Wheeless	Assistant Receiving Clerk	Travelers	$50,000
Lula G. Thompson	Assistant Receiving Clerk	Travelers	$50,000
Robert "Tim" Nail	Assistant Receiving Clerk	Travelers	$50,000
Gerry Taylor	Inventory Control Clerk	Travelers	$75,000
William Von Roby	Constable	Travelers	$50,000
Terry Ray	Constable	Travelers	$50,000
Wanda Fancher	Circuit Clerk	Travelers	$100,000
Lula G. Thompson	Deputy Circuit Clerk	Travelers	$50,000
Cheryl "Thompson" Pettit	Deputy Circuit Clerk	Travelers	$50,000
Robert "Tim" Nail	Sheriff	Travelers	$100,000
Robert T. Jordan	Justice Court Judge	Travelers	$50,000
Rosie Massey Sample	Justice Court Judge	Travelers	$50,000
Murilean Hogsett	Justice Court Clerk	Travelers	$50,000
Angela Shaw	Deputy Justice Court Clerk	Travelers	$50,000
Edith Stevenson	Deputy Justice Court Clerk	Travelers	$50,000
Brenda F. Williams	Tax Assessor/Collector	Travelers	$100,000
Patti Biggart	Deputy Tax Assessor	Travelers	$50,000
Andrea "Hunt" Edwards	Deputy Tax Assessor	Travelers	$50,000
Tammy R. Miles	Deputy Tax Collector	Travelers	$50,000
Sheila L. Rockett	Deputy Tax Collector	Travelers	$50,000
Regina Roundtree	Deputy Tax Collector	Travelers	$50,000
Tina White	Deputy Tax Collector	Travelers	$50,000
Rebecca Thrasher	Deputy Tax Collector	Travelers	$50,000

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SPECIAL REPORTS

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Attala County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 15, 2024.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2018-001 and 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2018-002 and 2018-004 to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Attala County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 15, 2024, included within this document.

Attala County's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 15, 2024

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Attala County, Mississippi

We have examined Attala County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101* through *31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2018. The Board of Supervisors of Attala 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 Attala County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Inventory Control Clerk.

1. Capital asset purchases and deletions should be recorded in capital asset records.

Repeat Finding Yes

Criteria Section 31-7-107, Mississippi Code of 1972 Annotated, requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal control over capital assets should include proper recording of additions and deletions.

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Condition As reported in the prior six years' audit reports, the subsidiary records did not include all additions and deletions to capital assets. Purchases totaling $12,000 in capital asset additions and disposals totaling $274,757 in capital asset deletions were not recorded in the capital asset subsidiary records.

Cause Failure to properly identify capital asset purchases and deletions through review of Board minutes, the general ledger and inquiry.

Effect Failure to record and approve capital asset transactions could result in the loss or misappropriation of public assets.

Recommendation The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records and ensure that disposals are approved by the Board of Supervisors.

Views of Responsible Official(s) These additions and deletions were erroneously excluded from the subsidiary records from the prior administration, but I am aware that these items were reconciled with the Office of the State Auditor and adjustments were made in fiscal year ending September 30, 2019.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 15, 2024

ATTALA COUNTY

Schedule of Purchases From Other than the Lowest Bidder

For the Year Ended September 30, 2018

Schedule 1

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

ATTALA COUNTY

Schedule of Emergency Purchases

For the Year Ended September 30, 2018

Schedule 2

Date	Item Purchased		Amount Paid	Vendor	Reason for Emergency Purchase
12/29/2017	3-Ton Unit	$	5,160	Upchurch Services, LLC	No heat in the MSU extension building
12/29/2017	4-Ton Unit		6,840	Upchurch Services, LLC	No heat in the MSU extension building

ATTALA COUNTY Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2018

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

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi for the year ended September 30, 2018, we considered Attala 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 Attala 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 April 15, 2024, on the financial statements of Attala County, Mississippi.

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

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

Board of Supervisors.

1. The County should cite appropriate code sections when authorizing the tax levy.

Repeat Finding No

Criteria *Section 83-1-39(5)(d), Mississippi Code of 1972 Annotated,* authorizes counties to levy a tax of not less than one-fourth (1/4) mill on all property of the county for fire protection purposes.

Condition We noted during our test work that the Board of Supervisors erroneously referenced *Section 19-5-95, Mississippi Code of 1972 Annotated,* for support of the Attala County fire department, instead of the correct code section, *Section 83-1-39(5)(d), Mississippi Code of 1972 Annotated.*

Cause The County did not comply with state law.

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Effect The failure to reference the proper statute to authorize the levying of ad valorem taxes could result in the County collecting a tax for unauthorized purposes.

Recommendation The Board of Supervisors should implement appropriate procedures to ensure the proper code section is cited in the Board minutes when authorizing the tax levy.

Views of Responsible Official(s) The correct code sections will be noted on future tax levy sheets.

2. A budget should be prepared for all funds.

Repeat Finding Yes

Criteria *Section 19-11-11, Mississippi Code of Annotated*, requires the Board of Supervisors to prepare a budget for all funds, except Trust and Agency Funds.

Condition As reported in the prior three years' audit reports, we noted that a budget was not prepared for the Montfort Jones Memorial Hospital Lease Fund.

Cause This was due to management oversight.

Effect Failure to prepare a budget for all funds is a violation of state law.

Recommendation The Board of Supervisors should prepare a budget for all funds, except Trust and Agency Funds.

Views of Responsible Official(s) This was an oversight on the County's part for failing to prepare a budget for Montfort Jones Memorial Hospital Lease Fund. In the future, we will ensure that a budget is prepared for this fund.

Chancery Clerk.

3. All bank accounts under the County's authority should be reported to the Mississippi Treasury Department.

Repeat Finding Yes

Criteria *Section 27-105-5, Mississippi Code of 1972 Annotated*, requires the county to submit the Public Depositors Annual Report to the Office of the State Treasurer within 30 days of the fiscal year that includes all bank accounts under the county's authority.

Condition As reported in the prior year's audit report, the County did not include two bank accounts associated with Montfort Jones Memorial Hospital that are now under the County's authority on the Public Depositors Annual Report that is required to be submitted to the Office of the State Treasurer.

Cause This was due to management oversight.

Effect Failure to include all bank accounts under the County's authority on the Public Depositors Annual Report is a violation of state law and could result in the County's funds above FDIC deposit coverage of $250,000 not being properly collateralized in the event of the failure of a financial institution.

Recommendation The Chancery Clerk should ensure that all bank accounts under the County's authority are listed on the Public Depositors Annual Report filed with the Office of the State Treasurer.

Views of Responsible Official(s)

The oversight occurred prior to the start of my administration, which was on January 1, 2020. In the future, the County will ensure that all bank accounts, including those for Montfort Jones Memorial Hospital, are listed on the Public Depositors Annual Report that is filed with the Office of the State Treasurer.

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

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

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 15, 2024

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SCHEDULE OF FINDINGS AND RESPONSES

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Schedule of Findings and Responses
For the Year Ended September 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the financial statements:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiencies identified?	Yes
3.	Noncompliance material to the financial statements noted?	No

Section 2: Financial Statement Findings

Montfort Jones Memorial Hospital Board of Trustees.

Material Weakness

2018-001. Internal controls in various areas relating to Montfort Jones Memorial Hospital need to be implemented or strengthened.

Repeat Finding Yes

Criteria An effective system of internal control over financial reporting should include the preparation and maintenance of subsidiary records to account for cash receipts, cash disbursements, and accounts receivable.

Condition As reported in the prior two years' audit report, during the course of the audit period and test work, the following deficiencies were noted in regards to the Montfort Jones Memorial Hospital Lease Fund:

a. Bank statements for the Hospital's cash accounts are not regularly reconciled.

b. Financial activity such as receipts, disbursements, and investment activity is not accounted for in a formal general ledger system. Numerous small withdrawals from cash accounts were noted on bank statements with no supporting documentation or explanation as to the purpose of the withdrawal.

c. Accounts receivable collections are haphazardly documented and are not reconciled to an accounts receivable master listing.

d. Explicit authority for the accounting and financial reporting functions has not been formally established.

e. Financial activity is not actively monitored by the Hospital Board of Trustees.

f. No formal operating budgets are prepared.

Cause The Board of Supervisors lacked the necessary internal controls over financial reporting and preparation of subsidiary records.

Effect Failure to implement a system of internal controls could result in the loss or misappropriation of public funds.

Recommendation Bank statement reconciliations for all hospital cash accounts should be prepared at least monthly. Financial activity for the Hospital should be recorded in a formal general ledger system. An accounts receivable master detail listing should be prepared and maintained so that any future collections can be recorded as a reduction to each individual's accounts receivable balance owed. An individual or individuals should be formally appointed to have responsibility for the Hospital's accounting and financial reporting functions. The Board of Trustees should adopt an annual budget. Financial activity, budget to actual comparisons, and bank statement reconciliations should be periodically reviewed by the Board of Trustees.

Views of Responsible Official(s) These findings were under a prior administration. Attala County is in the process of formulating a procedure to correct these deficiencies pertaining to the Montfort Jones Memorial Hospital Lease Fund.

Circuit Clerk.

Significant Deficiency

2018-002. Separation of duties in the Circuit Clerk's office should be strengthened.

Repeat Finding Yes

Criteria An effective system of internal control should include an adequate segregation of duties.

Condition As reported in the prior ten years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses funds.

Cause The small size of the Circuit Clerk's office results in fewer personnel to perform separate functions.

Effect Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation The Circuit Clerk should implement a system for review of the accounting records by another person.

Views of Responsible Official(s) Will make adjustments as needed.

Inventory Control Clerk.

Material Weakness

2018-003. Capital asset purchases and deletions should be recorded in capital asset records.

Repeat Finding Yes

Criteria An effective system of internal control over capital assets should include proper recording of additions and deletions.

Condition As reported in the prior six years' audit reports, the subsidiary records did not include all additions and deletions to capital assets. Purchases totaling $12,000 in capital asset additions and disposals totaling $274,757 in capital asset deletions were not recorded in the capital asset subsidiary records.

Cause Failure to properly identify capital asset purchases and deletions through review of Board minutes, the general ledger and inquiry.

Effect Failure to record and approve capital asset transactions could result in the loss or misappropriation of public assets.

Recommendation The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records and ensure that disposals are approved by the Board of Supervisors.

Views of Responsible Official(s) These additions and deletions were erroneously excluded from the subsidiary records from the prior administration, but I am aware that these items were reconciled with the Office of the State Auditor and adjustments were made in fiscal year ending September 30, 2019.

Tax Assessor-Collector.

Significant Deficiency

2018-004. Controls over the Tax Assessor-Collector's cash journal and cash reconciliations should be strengthened.

Repeat Finding Yes

Criteria An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections.

Condition As reported in the prior ten years' audit reports, the Tax Assessor-Collector was unable to reconcile the bank account to the cash journal. The cash reconciliations were not performed timely and the cash journal was not kept up-to-date. As of July 25, 2023, the cash reconciliation included an unidentified overage in the collections account in the amount of $11,880.

Cause Errors on the cash journal and bank statements not being reconciled were the result of incorrectly recording beginning and ending fiscal year account balances.

Effect Failure to reconcile the cash journal to the bank account and subsidiary records could result in the loss or misappropriation of public funds.

Recommendation The Tax Assessor-Collector should ensure that accurate cash reconciliations are prepared each month and that the cash journal is up-to-date. Any discrepancies that arise should be reviewed and corrected in the same month, which will prevent mistakes and errors from being carried forward.

Views of Responsible Official(s) Working to find overage.