



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

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



YALOBUSHA COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION.....	2
INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position	8
Statement of Activities.....	9
Balance Sheet - Governmental Funds.....	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Fiduciary Net Position	14
Statement of Changes in Fiduciary Net Position.....	15
Notes to Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	39
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund.....	40
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – American Rescue Fund	41
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – ER-0081- 00(047) Proceeds Fund	42
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – Ajinomoto CAP Loan Reserve/Trust Fund.....	43
Schedule of the County's Proportionate Share of the Net Pension Liability	44
Schedule of County Contributions	45
Notes to the Required Supplementary Information	46
SUPPLEMENTARY INFORMATION	50
Schedule of Expenditures of Federal Awards.....	51
OTHER INFORMATION	52
Schedule of Surety Bonds for County Officials.....	53
SPECIAL REPORTS.....	54
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 <i>Government Auditing Standards</i>	55
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	57
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required By <i>Section 31-7-115,</i> <i>Mississippi Code of 1972 Annotated</i>)	60
Limited Internal Control and Compliance Review Management Report.....	65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	75
AUDITEE'S CORRECTIVE ACTION PLAN AND AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	78

YALOBUSHA COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY
CENTER

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Yalobusha County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yalobusha County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Yalobusha County, Mississippi, as of September 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Governmental Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Yalobusha County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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

Yalobusha 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024 on our consideration of Yalobusha 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 Yalobusha 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 Yalobusha County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, MS
March 8, 2024

YALOBUSHA COUNTY

FINANCIAL STATEMENTS

YALOBUSHA COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 13,463,168
Property tax receivable	4,097,276
Accounts receivable (net of allowance for uncollectibles of \$303,574)	87,948
Fines receivable (net of allowance for uncollectibles of \$2,586,247)	299,010
Lease receivable	5,161,559
Intergovernmental receivables	262,851
Other receivables	28,479
Capital assets:	
Land and construction in progress	12,504,241
Other capital assets, net	18,092,672
Total Assets	53,997,204
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	897,821
Deferred amount on refunding	74,205
Total Deferred Outflows of Resources	972,026
LIABILITIES	
Claims payable	547,473
Intergovernmental payables	148,617
Accrued interest payable	4,421
Unearned revenue	1,747,934
Other payables	66,356
Long-term liabilities	
Due within one year:	
Leases payable	5,625
Capital debt	427,387
Due in more than one year:	
Leases payable	11,767
Capital debt	5,755,101
Non-capital debt	118,879
Net pension liability	7,553,372
Total Liabilities	16,386,932
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	22,902
Deferred inflows related to leases	4,927,585
Deferred revenues - property taxes	4,097,276
Total Deferred Inflows of Resources	9,047,763
NET POSITION	
Net investment in capital assets	24,471,238
Restricted for:	
Expendable:	
General government	104,719
Public safety	693,875
Public works	5,517,408
Culture and recreation	6,737
Economic development and assistance	862,064
Unemployment compensation	55,672
Debt service	173,267
Unrestricted	(2,350,445)
Total Net Position	\$ 29,534,535

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,016,907	272,735	26,422		(2,717,750)
Public safety	1,946,682	252,954	105,797		(1,587,931)
Public works	4,485,635	766,474	2,794,045	8,557,990	7,632,874
Health and welfare	347,887		8,106		(339,781)
Culture and recreation	106,896				(106,896)
Conservation of natural resources	55,975				(55,975)
Economic development and assistance	471,172			82,040	(389,132)
Interest on long-term debt	202,597				(202,597)
Pension expense	723,838				(723,838)
Total Governmental Activities	<u>11,357,589</u>	<u>1,292,163</u>	<u>2,934,370</u>	<u>8,640,030</u>	<u>1,508,974</u>
General revenues:					
Property taxes				\$	5,514,590
Road & bridge privilege taxes					164,535
Grants and contributions not restricted to specific programs					496,766
Unrestricted interest income					192,943
Miscellaneous					<u>571,647</u>
Total General Revenues					<u>6,940,481</u>
Change in Net Position					<u>8,449,455</u>
Net Position - Beginning, as previously reported					25,860,048
Prior period adjustments					<u>(4,774,968)</u>
Net Position - Beginning, as restated					<u>21,085,080</u>
Net Position - Ending				\$	<u>29,534,535</u>

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

	Major Funds					
	General Fund	American Rescue Fund	ER-0081-00(047) Proceeds Fund	Ajinomoto CAP Loan Reserve/Trust Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 4,251,356	1,695,881	445,060	25,550	7,045,321	13,463,168
Property tax receivable	2,976,192				1,121,084	4,097,276
Accounts receivable (net of allowance for uncollectibles of \$303,574)					87,948	87,948
Fines receivable (net of allowance for uncollectibles of \$2,586,247)	299,010					299,010
Lease receivable	153,297			5,008,262		5,161,559
Intergovernmental receivables	127,304		93,997		41,550	262,851
Other receivables	1,015				27,464	28,479
Due from other funds	64,415				36,313	100,728
Advances to other funds	35,000					35,000
Total Assets	<u>\$ 7,907,589</u>	<u>1,695,881</u>	<u>539,057</u>	<u>5,033,812</u>	<u>8,359,680</u>	<u>23,536,019</u>
LIABILITIES						
Liabilities:						
Claims payable	\$ 141,530		120,488		285,455	547,473
Intergovernmental payables	148,278				339	148,617
Due to other funds	36,313				64,415	100,728
Advances from other funds					35,000	35,000
Unearned revenue		1,691,695			56,239	1,747,934
Other payables	66,356					66,356
Total Liabilities	<u>392,477</u>	<u>1,691,695</u>	<u>120,488</u>	<u>0</u>	<u>441,448</u>	<u>2,646,108</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	2,976,192				1,121,084	4,097,276
Unavailable revenue - accounts receivable					87,948	87,948
Unavailable revenue - fines	299,010					299,010
Leases	140,096			4,787,489		4,927,585
Total Deferred Inflows of Resources	<u>3,415,298</u>	<u>0</u>	<u>0</u>	<u>4,787,489</u>	<u>1,209,032</u>	<u>9,411,819</u>
Fund balances:						
Nonspendable:						
Advances	35,000					35,000
Restricted for:						
General government		4,186			100,533	104,719
Public safety					693,875	693,875
Public works			418,569		5,098,839	5,517,408
Culture and recreation					6,737	6,737
Economic development and assistance				246,323		246,323
Unemployment compensation					55,672	55,672
Debt service					177,688	177,688
Assigned to:						
Economic development and assistance					615,741	615,741
Unassigned	4,064,814				(39,885)	4,024,929
Total Fund Balances	<u>4,099,814</u>	<u>4,186</u>	<u>418,569</u>	<u>246,323</u>	<u>6,709,200</u>	<u>11,478,092</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,907,589</u>	<u>1,695,881</u>	<u>539,057</u>	<u>5,033,812</u>	<u>8,359,680</u>	<u>23,536,019</u>

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

YALOBUSHA COUNTY

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

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 11,478,092
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 \$14,531,785.	30,596,913
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	386,958
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,318,759)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,553,372)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(4,421)
Deferred amount on refunding	74,205
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	897,821
Deferred inflows of resources related to pensions	(22,902)
Total Net Position - Governmental Activities	\$ <u>29,534,535</u>

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

YALOBUSHA COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2022

Exhibit 4

	Major Funds					
	General Fund	American Rescue Fund	ER-0081-00(047) Proceeds Fund	Ajinomoto CAP Loan Reserve/Trust Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,769,847				1,744,743	5,514,590
Road and bridge privilege taxes					164,535	164,535
Licenses, commissions and other revenue	112,432				3,074	115,506
Fines and forfeitures	145,164				3,656	148,820
Intergovernmental revenues	380,355	660,142	7,871,873		3,158,796	12,071,166
Charges for services	53,745				932,095	985,840
Interest income	41,609	4,186	824	102,498	34,229	183,346
Miscellaneous revenues	64,299				507,348	571,647
Total Revenues	<u>4,567,451</u>	<u>664,328</u>	<u>7,872,697</u>	<u>102,498</u>	<u>6,548,476</u>	<u>19,755,450</u>
EXPENDITURES						
Current:						
General government	2,636,364	28,900			371,573	3,036,837
Public safety	1,541,705				505,459	2,047,164
Public works		631,242	9,051,290		4,907,841	14,590,373
Health and welfare	342,387					342,387
Culture and recreation	92,827				14,069	106,896
Conservation of natural resources	55,975					55,975
Economic development and assistance	108,696				301,380	410,076
Debt service:						
Principal	5,421			154,305	574,430	734,156
Interest	714			123,843	74,741	199,298
Total Expenditures	<u>4,784,089</u>	<u>660,142</u>	<u>9,051,290</u>	<u>278,148</u>	<u>6,749,493</u>	<u>21,523,162</u>
Excess of Revenues over (under) Expenditures	<u>(216,638)</u>	<u>4,186</u>	<u>(1,178,593)</u>	<u>(175,650)</u>	<u>(201,017)</u>	<u>(1,767,712)</u>
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued					85,500	85,500
Proceeds from sale of capital assets					253	253
Transfers in	78,636				330,323	408,959
Transfers out	(159,300)			(26,023)	(223,636)	(408,959)
Total Other Financing Sources and Uses	<u>(80,664)</u>	<u>0</u>	<u>0</u>	<u>(26,023)</u>	<u>192,440</u>	<u>85,753</u>
Net Changes in Fund Balances	<u>(297,302)</u>	<u>4,186</u>	<u>(1,178,593)</u>	<u>(201,673)</u>	<u>(8,577)</u>	<u>(1,681,959)</u>
Fund Balances - Beginning, as previously reported	4,375,784		1,597,162	25,377	6,717,777	12,716,100
Prior period adjustments	21,332			422,619		443,951
Fund Balances - Beginning, as restated	<u>4,397,116</u>	<u>0</u>	<u>1,597,162</u>	<u>447,996</u>	<u>6,717,777</u>	<u>13,160,051</u>
Fund Balances - Ending	<u>\$ 4,099,814</u>	<u>4,186</u>	<u>418,569</u>	<u>246,323</u>	<u>6,709,200</u>	<u>11,478,092</u>

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

YALOBUSHA COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (1,681,959)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$10,499,070 exceeded depreciation of \$801,400 in the current period.	9,697,670
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 loss of \$2,281 and the proceeds from the sale of \$253 in the current period.	(2,534)
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.	34,117
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	7,880
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$734,156 exceeded debt proceeds of \$85,500.	648,656
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:	
Decrease in compensated absences	24,947
Decrease in accrued interest payable	5,176
The amortization of:	
Premiums on bonds	3,103
Deferred amount on refunding bonds	(11,578)
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	(723,838)
Recording of contributions made during the year	447,815
Change in Net Position of Governmental Activities	\$ <u>8,449,455</u>

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

YALOBUSHA COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

		Custodial Funds
ASSETS		
Cash and investments	\$	<u>111,885</u>
Total Assets	\$	<u><u>111,885</u></u>
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	\$	<u>111,885</u>
Total Net Position		<u><u>111,885</u></u>

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

YALOBUSHA COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Assessments of fines for other governments	\$ 181,569
Tax collections for other governments	<u>332,891</u>
Total Additions	<u>514,460</u>
DEDUCTIONS	
Payments of assessments of fines to other governments	181,480
Payments of tax collections to other governments	<u>322,160</u>
Total Deductions	<u>503,640</u>
Net increase (decrease) in fiduciary net position	<u>10,820</u>
Net Position - Beginning	101,065
Net Position - Ending	\$ <u><u>111,885</u></u>

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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

- Yalobusha General Hospital
- Yalobusha County Public Library System
- Yalobusha County Economic Development District

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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 and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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

The County reports the following major Governmental Funds:

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

American Rescue Fund – This fund is used to account for federal grant monies received from the American Rescue Plan to address issues resulting from COVID 19.

ER-0081-00(047) Proceeds Fund – This fund is used to account for and report all financial resources and expenditures related to a major bridge replacement project.

Ajinomoto CAP Loan Reserve/Trust Fund – This fund is used to account for resources from a lease receivable and used for payment of long term debt principal and interest.

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.

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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. Yalobusha 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
Intangible assets	**	**

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

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

I. Deferred Outflows/Inflows of Resources.

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

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

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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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

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

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

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

Deferred inflows related to leases/leases – Deferred inflows of resources measured at the initial value of the lease receivable to reflect that the receivable relates to future periods.

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

J. Leases.

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

The County uses the Federal Prime Borrowing Rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

K. Long-term Liabilities.

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

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

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

M. Compensated Absences.

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

N. Equity Classifications.

Government-wide Financial Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the county's management pursuant to the authorization established by the board of supervisors.

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues:

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

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

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

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
Adjustments due to the implementation of GASB 87	\$ (4,798,198)
Adjustment to correct prior year capital assets	<u>23,230</u>
Total prior period adjustments	\$ <u><u>(4,774,968)</u></u>

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

<u>Explanation</u>	<u>Amount</u>
Adjustments due to the implementation of GASB 87	\$ <u>443,951</u>
Total prior period adjustments	\$ <u><u>443,951</u></u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$13,575,053 and the bank balance was \$14,265,227. 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.

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 64,415
Other Governmental Funds	General Fund	36,313
Total		<u>\$ 100,728</u>

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

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>35,000</u>

The amount payable to the General Fund represent funds used for state aid road projects. All advances are expected to be repaid.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 78,636
Other Governmental Funds	Ajinomoto CAP Loan Fund	26,023
Other Governmental Funds	General Fund	159,300
Other Governmental Funds	Other Governmental Funds	<u>145,000</u>
Total		<u>\$ 408,959</u>

The principal purpose of interfund transfers was to provide funds for county operations, provide local share of grant funds and provide budget allocations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 92,438
State Aid Grant	93,997
Reimbursement for housing prisoners	5,415
Civil defense reimbursement	17,738
Dispatch reimbursement	5,885
Training reimbursement	4,156
Welfare reimbursement	495
Timber severance tax	187
Youth Court	990
Petroleum tax	41,550
Total Governmental Activities	\$ 262,851

(6) Capital Assets.

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

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

Governmental activities:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,004,404				1,004,404
Construction in progress	1,817,303	9,682,534			11,499,837
Total non-depreciable capital assets	2,821,707	9,682,534	-	-	12,504,241
<u>Depreciable capital assets:</u>					
Infrastructure	6,359,249			(60,000)	6,299,249
Buildings	16,629,581			60,000	16,689,581
Improvements other than buildings	25,325				25,325
Mobile equipment	7,689,253	816,536	25,337	116,437	8,596,889
Furniture and equipment	957,086			28,330	985,416
Leased property under capital leases	116,437			(116,437)	-
Intangible right to use equipment				27,997	27,997
Total depreciable capital assets	31,776,931	816,536	25,337	56,327	32,624,457
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,297,771	128,235			1,426,006
Buildings	5,649,415	294,377			5,943,792
Improvements other than buildings	14,407	581			14,988
Mobile equipment	5,989,485	291,414	22,803	26,073	6,284,169
Furniture and equipment	765,775	81,194		5,100	852,069
Leased property under capital leases	26,073			(26,073)	-
Intangible right to use equipment		5,599		5,162	10,761
Total accumulated depreciation	13,742,926	801,400	22,803	10,262	14,531,785
Total depreciable capital assets, net	18,034,005	15,136	2,534	46,065	18,092,672
Governmental activities capital assets, net	\$ 20,855,712	9,697,670	2,534	46,065	30,596,913

Total capital assets, net, excluding intangible right to use assets	\$ 30,579,677
Intangible right to use assets, net	17,236
Total capital assets, net, as reported in the statement of net position	\$ 30,596,913

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 182,187
Public safety	210,487
Public works	342,130
Health and welfare	5,500
Culture and recreation	4,979
Economic development and assistance	<u>56,117</u>
Total governmental activities depreciation expense	<u>\$ 801,400</u>

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
ER-0081-00(047) Scuna Bridge	\$ Undetermined	Undetermined

(7) Claims and Judgments.

Risk Financing.

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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(8) Leases.

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

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

The County generally uses its Federal Prime Borrowing Rate as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessee:

Lease Assets

	Balance 10/1/2021	Additions	Amortization	Balance 9/30/2022
Copiers	\$ 22,835	-	5,599	17,236
Total	\$ 22,835	-	5,599	17,236

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

Lease Liabilities

	Balance 10/1/2021	Additions	Principal Payments	Balance 9/30/2022
Copier	\$ 22,813	-	5,421	17,392
Total	\$ 22,813	-	5,421	17,392

Yalobusha County entered into several lease agreements with lessors for the lease of the following listed items. The leases stipulate that the lessee would pay various amounts per month, as shown in the following schedule, in lease payments, commencing on various dates and terms.

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

Description	Discount Rate	Term (Months)	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Copier	5.25%	60	10/2018	10/2023	\$ 84.60	\$ 1,067
Copier	3.25%	60	1/2021	1/2026	71.02	2,689
Copier	3.25%	60	1/2021	1/2026	99.08	3,751
Copier	3.25%	60	1/2021	1/2026	99.08	3,751
Copier	3.25%	60	1/2021	1/2026	100.66	3,811
Copier	4.00%	60	5/2021	5/2026	56.84	2,323
					<u>511.28</u>	<u>17,392</u>

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2023	\$ 5,625	509
2024	4,886	319
2025	4,964	155
2026	<u>1,917</u>	<u>18</u>
Total	\$ <u>17,392</u>	<u>1,001</u>

As Lessor:

On September 5, 2017, Yalobusha County entered into a lease agreement with Ajinomoto Foods North America, Inc. for the lease of a building owned by the County. The lease stipulated that the lessee would pay approximately \$25,347.58 per month in lease payments commencing July 1, 2021 for a term of 20 years. At the end of the lease term, Ajinomoto Foods North America, Inc. has the option to purchase the building for \$100. The County is to receive \$304,170 in rent annually with an implicit rate of 3%.

On May 15, 2015, Yalobusha County entered into a lease agreement with Blauer Manufacturing Co., Inc. for the lease of a building owned by the County. The lease stipulated that the lessee would pay approximately \$1,250 per month in lease payments commencing on the 4th day of each month following the date of the agreement for a term of 20 years. The County is to receive \$15,000 in rent annually with an implicit rate of 3.5%.

Remaining amounts to be received associated with these leases are as follows:

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

Year Ending September 30	Principal	Interest
2023	\$ 227,036	66,787
2024	250,260	68,911
2025	253,927	65,244
2026	257,652	61,519
2027	261,436	57,735
2028 - 2032	1,366,106	229,749
2033 - 2037	1,433,887	126,968
2038 - 2042	1,111,255	29,386
Total	\$ 5,161,559	706,299

(9) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
\$2,075,000 G.O. Refunding Bond, Series 2017	\$ 1,510,000	2.70 - 3.13%	10/2033
Total General Obligation Bonds	\$ 1,510,000		
B. Financed Purchases:			
2019 Dodge Ram 1500 Truck	\$ 19,342	3.25%	03/2025
2021 Dodge Ram 1500 Truck	23,026	2.40%	11/2025
2022 Freightliner Dump Truck	85,500	4.50%	10/2026
Total Financed Purchases	\$ 127,868		
C. Other Loans:			
Note Payable	\$ 549,284	1.61%	03/2026
Ajinomoto CAP Loan	3,968,964	3.00%	11/2040
Total Other Loans	\$ 4,518,248		

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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2023	\$ 115,000	42,894
2024	120,000	39,369
2025	125,000	35,694
2026	130,000	31,869
2027	135,000	27,894
2028 - 2032	725,000	79,192
2033 - 2034	160,000	2,498
Total	\$ <u>1,510,000</u>	<u>259,410</u>

Year Ending September 30	Financed Purchase		Other Loans	
	Principal	Interest	Principal	Interest
2023	\$ 30,406	1,504	281,981	126,197
2024	27,734	3,907	303,006	119,096
2025	28,789	2,853	308,046	111,846
2026	23,026	1,743	313,238	104,442
2027	17,913	817	181,268	96,880
2028 - 2032	-	-	992,474	398,269
2033 - 2037	-	-	1,152,874	237,870
2038 - 2041	-	-	985,361	57,695
Total	\$ <u>127,868</u>	<u>10,824</u>	<u>4,518,248</u>	<u>1,252,295</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2022, the amount of outstanding debt was equal to 1.49% of the latest property assessments.

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

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

	Balance Oct. 1, 2021	Additions	Reductions	Adjustments	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 143,826	-	24,947	-	118,879	-
General obligation bonds	1,925,000		415,000		1,510,000	115,000
Add:						
Premiums	29,475		3,103		26,372	
Capital leases	64,477			(64,477)	-	
Financed purchases		85,500	22,109	64,477	127,868	30,406
Leases payable			5,421	22,813	17,392	5,625
Other loans	4,809,874	-	291,626	-	4,518,248	281,981
Total	\$ 6,972,652	85,500	762,206	22,813	6,318,759	433,012

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Yalobusha 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

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$447,815, \$425,180 and \$426,595, respectively, equal to the required contributions for each year.

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

At September 30, 2022, the County reported a liability of \$7,553,372 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2022 net pension liability was .036696 percent, which was based on a measurement date of June 30, 2022. This was an increase of .000115 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$723,838. At September 30, 2022 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 107,000	-
Net difference between projected and actual earnings on pension plan investments	403,370	-
Changes of assumptions	260,422	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	15,647	22,902
County contributions subsequent to the measurement date	<u>111,382</u>	<u>-</u>
Total	<u>\$ 897,821</u>	<u>22,902</u>

\$111,382 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

Year ending September 30	Amount
2023	\$ 238,347
2024	171,759
2025	(56,436)
2026	409,867
Total	\$ <u>763,537</u>

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

The long-term expected rate of return on pension plan investments was determined using a 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

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

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

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 9,857,922	7,553,372	5,653,387

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) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2022:

Fund	Deficit Amount
Natural Gas ARC Grant	\$ 4,885
SAP 81(11)M	35,000

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(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.

Hospital Revenue Bond Contingencies - The County issues revenue bonds to provide funds for constructing and improving capital facilities of the Yalobusha General Hospital. Revenue bonds are reported as a liability of the hospital because such debt is payable primarily from the hospital's pledged revenues. However, the County remains contingently liable for the retirement of these bonds because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the hospital. The principal amount of hospital revenue bonds outstanding at September 30, 2022, is \$490,000.

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$2,350,445) 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 \$111,382 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$786,439 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years. The \$22,902 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of (\$2,350,445) includes the effect of recognition of deferring the recognition of revenue resulting from leases receivable. The \$4,927,585 balance of deferred inflows of resources at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 19 years.

The governmental activities' net investment in capital assets net position of \$24,471,238 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$74,205 balance of deferred outflows of resources at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 12 years.

(14) Related Organizations.

The Yalobusha County Board of Supervisors is responsible for appointing a voting majority of the board members of the Yalobusha County Water & Sewer District, but the county's accountability for this organization does not exceed beyond making the appointments. The county did not appropriate any funds for the maintenance and support of the district in fiscal year 2022.

YALOBUSHA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Communicare operates in a district composed of the counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Yalobusha County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$27,000 for the support of the agency in fiscal year 2022.

The North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Yalobusha County Board of Supervisors appoints four of the twenty-eight members of the district board of directors. The County appropriated \$41,074 for maintenance and support of the district in fiscal year 2022.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Yalobusha County Board of Supervisors appoints two of the twenty-three members of the college board of trustees. The County appropriated \$189,796 for maintenance and support of the college in fiscal year 2022.

In 2003, the Oakland/Yalobusha Natural Gas District was formed to provide natural gas distribution infrastructure and natural gas to the Town of Oakland and parts of Yalobusha County. The Yalobusha County Board of Supervisors appoints two of the seven members of the governing board of the district. The County did not appropriate any funds for fiscal year 2022.

(16) Tax Abatements.

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

The Yalobusha County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with six entities as of September 30, 2022.

The County had two types of abatements. None of which provide for the abatement of school or state tax levies.

Section 27-31-101 and 27-31-105, Miss. Code (Ann). 1972

All allowable property tax levies

There are six entities that have tax abatements under these statutes. These exemptions expire at various periods from fiscal year end within a ten year time frame. For fiscal year 2022, \$1,326,705 in taxes were abated for these entities.

<u>Category</u>	<u>% of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Economic development projects	61.21%	\$1,326,705

YALOBUSHA COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2022

The companies were not required to comply with any special provisions in order to receive the abatements and the County made no commitments as part of the agreements other than to reduce taxes.

(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 Yalobusha County evaluated the activity of the County through March 8, 2024 and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/01/2022	4.50%	\$ 85,500	Financed purchase	Ad valorem revenue

YALOBUSHA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,581,267	3,770,027	3,770,027	0
Licenses, commissions and other revenue	67,900	79,743	79,743	0
Fines and forfeitures	94,700	127,225	127,225	0
Intergovernmental revenues	525,100	358,501	358,501	0
Charges for services	133,360	47,945	47,945	0
Interest income	26,600	30,460	30,460	0
Miscellaneous revenues	109,117	44,203	44,203	0
Total Revenues	<u>4,538,044</u>	<u>4,458,104</u>	<u>4,458,104</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,513,664	2,427,690	2,427,690	0
Public safety	1,410,902	1,605,034	1,605,034	0
Health and welfare	368,377	346,563	346,563	0
Culture and recreation	92,827	92,827	92,827	0
Conservation of natural resources	64,305	56,039	56,039	0
Economic development and assistance	15,474	18,516	18,516	0
Total Expenditures	<u>4,465,549</u>	<u>4,546,669</u>	<u>4,546,669</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>72,495</u>	<u>(88,565)</u>	<u>(88,565)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	169,271	170,759	170,759	0
Transfers out	<u>(262,501)</u>	<u>(444,794)</u>	<u>(444,794)</u>	<u>0</u>
Total Other Financing Sources and Uses	<u>(93,230)</u>	<u>(274,035)</u>	<u>(274,035)</u>	<u>0</u>
Net Change in Fund Balance	(20,735)	(362,600)	(362,600)	0
Fund Balances - Beginning	<u>2,591,345</u>	<u>4,425,933</u>	<u>4,392,241</u>	<u>(33,692)</u>
Fund Balances - Ending	<u>\$ 2,570,610</u>	<u>4,063,333</u>	<u>4,029,641</u>	<u>(33,692)</u>

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

YALOBUSHA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$	1,175,919	1,175,919	0
Interest income		4,186	4,186	0
Total Revenues	<u>0</u>	<u>1,180,105</u>	<u>1,180,105</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works		660,142	660,142	0
Total Expenditures	<u>0</u>	<u>660,142</u>	<u>660,142</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>519,963</u>	<u>519,963</u>	<u>0</u>
Net Change in Fund Balance	0	519,963	519,963	0
Fund Balances - Beginning			1,175,918	1,175,918
Fund Balances - Ending	\$ <u>0</u>	<u>519,963</u>	<u>1,695,881</u>	<u>1,175,918</u>

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

YALOBUSHA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 ER-0081-00(047) Proceeds Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 825,000	7,407,025	7,407,025	0
Total Revenues	<u>825,000</u>	<u>7,407,025</u>	<u>7,407,025</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	825,000	7,784,898	7,784,898	0
Total Expenditures	<u>825,000</u>	<u>7,784,898</u>	<u>7,784,898</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>(377,873)</u>	<u>(377,873)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		(625,209)	(625,209)	0
Total Other Financing Sources and Uses	<u>0</u>	<u>(625,209)</u>	<u>(625,209)</u>	<u>0</u>
Net Change in Fund Balance	0	(1,003,082)	(1,003,082)	0
Fund Balances - Beginning			1,348,457	1,348,457
Fund Balances - Ending	<u>\$ 0</u>	<u>(1,003,082)</u>	<u>345,375</u>	<u>1,348,457</u>

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

YALOBUSHA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Ajinomoto CAP Loan Reserve/Trust Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$	70,435	70,435	0
Total Revenues	0	70,435	70,435	0
EXPENDITURES				
Current:				
Debt service:				
Principal	278,149	154,305	154,305	0
Interest		123,843	123,843	0
Total Expenditures	278,149	278,148	278,148	0
Excess of Revenues over (under) Expenditures	(278,149)	(207,713)	(207,713)	0
OTHER FINANCING SOURCES (USES)				
Transfers out		(26,023)	(26,023)	0
Lease principal payments	278,149	233,909	233,909	0
Total Other Financing Sources and Uses	278,149	207,886	207,886	0
Net Change in Fund Balance	0	173	173	0
Fund Balances - Beginning			30,377	30,377
Fund Balances - Ending	\$ 0	173	30,550	30,377

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

YALOBUSHA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.036696%	0.036581%	0.037067%	0.036888%	0.035617%	0.034375%	0.035257%	0.034470%
County's proportionate share of the net pension liability (asset)	\$ 7,553,372	5,406,831	7,175,740	6,489,327	5,924,165	5,714,292	6,297,781	5,328,382
Covered payroll	\$ 2,558,052	2,441,822	2,453,264	2,437,115	2,310,807	2,189,381	2,255,492	2,153,948
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	295.28%	221.43%	292.50%	266.27%	256.37%	261.00%	279.22%	247.38%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

YALOBUSHA COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 447,815	425,180	426,595	387,463	361,633	344,827	354,719	342,903
Contributions in relation to the contractually required contribution	<u>447,815</u>	<u>425,180</u>	<u>426,595</u>	<u>387,463</u>	<u>361,633</u>	<u>344,827</u>	<u>354,719</u>	<u>342,903</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,573,649	2,443,563	2,451,695	2,393,221	2,296,083	2,189,378	2,252,184	2,177,162
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.19%	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.

YALOBUSHA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

YALOBUSHA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>American Rescue Fund</u>	<u>ER-0081-00(047) Proceeds Fund</u>	<u>Ajinomoto CAP Loan Reserve/Trust Fund</u>
Budget (Cash Basis)	\$ (362,600)	519,963	(1,003,082)	173
Increase (Decrease)				
Net adjustments for revenue accruals	17,224	(515,777)	465,672	(201,846)
Net adjustments for expenditure accruals	48,074		(641,183)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GAAP Basis	\$ <u>(297,302)</u>	<u>4,186</u>	<u>(1,178,593)</u>	<u>(201,673)</u>

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

YALOBUSHA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

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

2019

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

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

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

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

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

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

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

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

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

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

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

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

2021

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

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

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

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

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

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

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

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

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

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

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

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

YALOBUSHA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

expectancy generationally.

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

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

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

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

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

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

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

B. Changes in benefit provisions.

2016

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

YALOBUSHA COUNTY

SUPPLEMENTARY INFORMATION

YALOBUSHA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture- Rural Development (Direct) Community Facilities Loans and Grants Cluster: Community Facilities Grant	10.766	N/A	\$ <u>70,100</u>
Total Community Facilities Loans and Grants Cluster			<u>70,100</u>
Total U.S. Department of Agriculture			<u>70,100</u>
U.S. Department of Defense Passed Through the Mississippi Emergency Management Agency Flood Control Projects	12.106	N/A	<u>106,959</u>
Total U.S. Department of Defense			<u>106,959</u>
U.S. Department of the Interior National Forest Acquired Lands	15.438	N/A	<u>51,425</u>
Total U.S. Department of the Interior			<u>51,425</u>
U.S. Department of Transportation Passed through the Mississippi Department of Transportation Highway Planning and Construction	20.205	ER-0081-00(047)	<u>7,871,873</u>
Total U.S. Department of Transportation			<u>7,871,873</u>
U.S. Department of Treasury (Direct) COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>660,142</u>
Total U.S. Department of Treasury			<u>660,142</u>
Appalachian Regional Commission Passed through the Mississippi Development Authority Appalachian Regional Development	23.001	MS-18990	<u>82,040</u>
Total Appalachian Regional Commission			<u>82,040</u>
U.S. Department of Homeland Security Passed Through the Mississippi Emergency Management Agency Disaster Grants- Public Assistance	97.036	N/A	<u>90,080</u>
Total U.S. Department of Homeland Security			<u>90,080</u>
Total Expenditures of Federal Awards			\$ <u>8,932,619</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

YALOBUSHA COUNTY

OTHER INFORMATION

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

NAME	POSITION	COMPANY	BOND
Cayce L. Washington	Supervisor District 1	Old Republic Surety Company	100,000
Kenneth E. Rogers	Supervisor District 2	Old Republic Surety Company	100,000
Kenny Harmon	Supervisor District 3	Old Republic Surety Company	100,000
Eddie Harris	Supervisor District 4	Western Surety Company	100,000
Gaylon Gray	Supervisor District 5	Old Republic Surety Company	100,000
Amy F. McMinn	Chancery Clerk	Old Republic Surety Company	100,000
Vicky Vance	Purchase Clerk	Old Republic Surety Company	100,000
Sheila Schmitz	Receiving Clerk	Old Republic Surety Company	75,000
Chad Innman	Assistant Receiving Clerk	Western Surety Company	50,000
Roland Jones	Assistant Receiving Clerk	Old Republic Surety Company	50,000
Angel Lundeby	Assistant Receiving Clerk	Western Surety Company	50,000
John Wayne Smith	Assistant Receiving Clerk	Old Republic Surety Company	50,000
Amy F. McMinn	Inventory Control Clerk	Old Republic Surety Company	75,000
Randy Simmons	Constable	Old Republic Surety Company	50,000
Ralph Horton	Constable	Western Surety Company	50,000
Daryl Burney	Circuit Clerk	Western Surety Company	100,000
Vicki Caldwell	Deputy Circuit Clerk	Old Republic Surety Company	50,000
Sandra M. Vaughn	Deputy Circuit Clerk	Old Republic Surety Company	50,000
Jerimaine Gooch	Sheriff	Old Republic Surety Company	100,000
Janet Caulder	Justice Court Judge	Old Republic Surety Company	50,000
Trent Howell	Justice Court Judge	Old Republic Surety Company	50,000
Linda Rae Shuffield	Tax Assessor/Collector	Old Republic Surety Company	100,000
Connie Starks	Deputy Justice Court Clerk	Old Republic Surety Company	50,000

YALOBUSHA COUNTY

SPECIAL REPORTS



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY
CENTER

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
Yalobusha 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yalobusha County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 8, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yalobusha County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Yalobusha County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated March 8, 2024, included within this document.

Yalobusha County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Yalobusha County, Mississippi's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Yalobusha County, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, MS
March 8, 2024



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY
CENTER

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

Members of the Board of Supervisors
Yalobusha County, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, MS
March 8, 2024



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY
CENTER

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
Yalobusha County, Mississippi

We have examined Yalobusha 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, 2022. The Board of Supervisors of Yalobusha 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 Yalobusha County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with *Section 31-7-115, 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.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, MS
March 8, 2024

YALOBUSHA COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2022

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

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

Schedule 2

Our tests did not identify any emergency purchases.

YALOBUSHA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2022

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



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA
WILLIAM F. BAIRD, CPA
EUGENE S. CLARKE, IV, CPA
DAVID E. CLARKE, CPA

3528 MANOR DRIVE
VICKSBURG, MISSISSIPPI 39180

PHONE: (601) 636-1416
FAX: (601) 636-1417

MEMBERS OF
MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY
CENTER

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Yalobusha County, Mississippi

In planning and performing our audit of the financial statements of Yalobusha County, Mississippi for the year ended September 30, 2022, we considered Yalobusha 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 Yalobusha 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 March 8, 2024, on the financial statements of Yalobusha 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors, Chancery Clerk, Circuit Clerk and Tax Assessor/Collector

1. Public Officials Should Ensure Compliance with State Law over Office Hours.

Repeat Finding Yes

Criteria *Section 25-1-99, Mississippi Code Annotated (1972)*, states that, "The offices of all circuit and chancery clerks and sheriffs shall be open for business on all business days from 8:00 a.m. to 5:00 p.m., except that within the discretion of the board of supervisors of said county, the above county offices may be closed at 12:00 noon one (1) business day of each week, or may be closed all day Saturday of each week, or may be closed at 12:00 noon on Saturday and at 12:00 noon on one (1) additional business day of each week. Such courthouse hours decided upon within the discretion of the board of supervisors must

be duly entered at large on the minutes of said board, and such action by the board shall be published in a newspaper having general circulation in the county once each week for four (4) consecutive weeks.”

Section 27-1-25, Mississippi Code Annotated (1972), states that, “The county assessor shall devote his entire time to the duties of his office. The office of the assessor shall be open for business at all such times as other county offices within the county are required, pursuant to *Section 25-1-99, Mississippi Code of 1972*, to be open for business and, except when necessarily absent on official business, the assessor, or his deputy, shall remain in the assessor’s office during the time the office is open for business.”

Condition	As reported in the last two years’ audit reports, during the course of our audit, we noted that the following offices were closed at both judicial districts’ courthouses from 12:00 p.m. to 1:00 p.m. Monday-Friday: <ul style="list-style-type: none"> • Chancery Clerk • Circuit Clerk • Justice Court • Tax Assessor/Collector
Cause	The County is not in compliance with the applicable statutes concerning office hours.
Effect	Failure to remain open from 8:00 a.m. to 5:00 p.m. Monday-Friday could result in the loss of public funds due to citizens not being able to make payments. This also reduces transparency, as public records are not available for review.
Recommendation	We recommend that the Courthouses in Coffeerville and Water Valley be open for business from 8:00 a.m. to 5:00 p.m. Monday through Friday as required by State law.
Response	Several offices have limited staff that does not allow for the offices to be opened during the noon hour.

Board of Supervisors

2.	<u>Public Officials and Employees should ensure compliance with state law over surety bonding requirements.</u>
Repeat Finding	Yes
Criteria	<i>Section 25-1-15, Mississippi Code Annotated (1972)</i> , states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”
Condition	As reported in the last two years’ audit reports, numerous instances of non-compliance were noted. During the course of this audit, we noted the following instances of non-compliance: <ul style="list-style-type: none"> • The Assistant Purchase Clerk was not bonded for the entire period • One (1) Assistant Receiving Clerk was not bonded for the entire period • A bond was unable to be located for one (1) Deputy Circuit Clerk • Seven (7) Deputy Tax Collectors/Deputy Tax Assessors were not bonded for the entire period
Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the Board of Supervisors implement procedures to ensure that County officials’ and employees’ bonds meet the requirements of State Laws.

Response	All clerks and deputy clerks are now bonded with the bonds spread on the minutes of board meeting.
3.	<u>Deficit Fund Balances.</u>
Repeat Finding	Yes.
Criteria	Management is responsible for establishing a proper internal control system to ensure the County operates within its means.
Condition	We noted deficit fund balances at September 30, 2022. These deficit fund balances existed in the following funds: <ul style="list-style-type: none"> • Natural Gas ARC Grant • SAP 81(11)M
Cause	The above-listed funds were operating with a deficit fund balance.
Effect	Prolonged deficit fund balances, especially in grant funding accounts, could result in loss of future grant funding.
Recommendation	The Board of Supervisors should determine the reasons for the deficit fund balance and take the appropriate actions to reduce the deficit.
Response	The County will comply with the recommendation.
Chancery Clerk and Solid Waste Clerk	
4.	<u>No bank reconciliations of the Garbage Disposal Account and Landfill Account</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	As reported in the last two years' audit reports, during the course of our test work, we noted that bank reconciliations had not been prepared for the above-listed bank accounts.
Cause	Employees were not following proper protocols for reconciling the account.
Effect	Not completing the bank reconciliation results in a weakness in the system of internal controls over cash.
Recommendation	The Chancery Clerk, in her capacity as County Auditor and County Treasurer, as well as the Solid Waste Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis and maintain records of such.
Response	This has been corrected.
Comptroller and Board of Supervisors	
5.	<u>The Comptroller's Office has Insufficient Separation of Duties.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include adequate separation of duties.
Condition	As reported in the prior year's audit report, during the course of our audit, we noted that the Purchase Clerk is also the Accounts Payable Clerk.

Cause	The County's size interferes with the cost-benefit relationship in implementing separation of duties.
Effect	Failure to have adequate separation of duties could result in the loss of public funds due to the possibility of funds being mishandled.
Recommendation	The County should separate duties for the individuals involved in purchasing and accounts payable functions.
Response	The board of supervisors recognizes this problem, due to limited funds it is not cost effective to make an additional hire.

Payroll Clerk

6.	<u>Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.</u>
Repeat Finding	Yes
Criteria	<p><i>Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....</i></p> <p>4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:</p> <p>(a) For a period of time not to exceed one-half ($\frac{1}{2}$) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half ($\frac{1}{2}$) of the salary in effect for the position at the time of employment, or</p> <p>(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.</p> <p>To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half ($\frac{1}{2}$) of the required number of working days or up to one-half ($\frac{1}{2}$) of the equivalent number of hours and receive up to one-half ($\frac{1}{2}$) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half ($\frac{1}{2}$) of the number of days or hours for a single full-time position.</p> <p>Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. <i>[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]</i></p> <p>(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:</p> <p>(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or</p>

(ii) Elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation. In order to receive compensation as allowed in this subparagraph, the retiree shall file annually, in writing, in the office of the employer and the office of the executive director of the system, an election to receive, in addition to a retirement allowance, compensation as allowed in this subparagraph. *[Note: This notice is provided on PERS Form 9C and must be executed annually and sent to PERS]*

(b) The municipality or county in which the retired person holds elective office shall pay to the board the amount of the employer's contributions on the full amount of the regular compensation for the elective office that the retired person holds.

Condition As reported in the prior two years' audit reports, during the course of our audit, we noted the following:

- One (1) rehired retiree earned over the amount allowed by PERS
- Four (4) rehired retiree forms were incomplete or incorrectly completed

Cause The County did not comply with *Section 25-11-127, Mississippi Code Annotated (1972)* in that it failed to ensure proper notice to PERS, proper execution of required documents, and proper monitoring of wages to ensure the PERS cap was not exceeded.

Effect The failure to comply with the reemployment conditions as reported on PERS Form 4B and 9C could jeopardize the provisions for reemployment.

Recommendation The County should timely and accurately file PERS Form 4Bs and 9Cs for all re-hired retirees and ensure that the statutory conditions for reemployment are met.

Response The county will in the future make sure the proper PERS forms are filed.

Purchase Clerk

7. Public Officials Should Establish and Maintain Internal Control and Compliance with Public Purchasing Laws.

Repeat Finding No

Criteria The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws; Title 31, Chapter 7.

Condition The County failed to comply with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7. A well-designed purchasing system would comply with the provisions of Title 31, Chapter 7 and would include proper bid requirements as well as the use of purchase requisitions, purchase orders, and receiving reports. During our test work, we noted the following instances of non-compliance:

- One (1) instance where no competitive bid or second quote was obtained for an expenditure of greater than \$5,000
- Two (2) instances where the invoice predated the purchase order
- One (1) instance where no receiving report could be located

Cause The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.

Effect The County is not in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.

Recommendation	The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.
Response	The county will comply with the State Purchasing Laws to have bids for any purchases over \$5,000.
Circuit Clerk	
8.	<u>Circuit Clerk Should Ensure Compliance with State Law over Maintaining a Fee Journal.</u>
Repeat Finding	Yes
Criteria	<p><i>Section 9-1-43(1), Mississippi Code Annotated (1972), further states, “(1) After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees’ Retirement System under Sections 25-11-106.1 and 25-11-123(f)(4), employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk’s or circuit clerk’s services in excess of Ninety-seven Thousand Dollars (\$97,000.00).”</i></p> <p><i>Section 9-1-43(3), Mississippi Code Annotated (1972), states, “The chancery or circuit Clerk shall be liable on their official bond for the proper deposit and accounting of all monies received by his office. The State Auditor shall promulgate uniform accounting methods for the accounting of all sources of income by the offices of the Chancery and Circuit Clerk.”</i></p>
Condition	<p>As noted in the prior two years’ audit reports, the Circuit Clerk did not properly maintain the fee journal to account for all monies received and expended during the year. We were unable to tie out certain amounts of revenues and expenses reported on the Annual Financial Report.</p> <p>The Circuit Clerk did not maintain proper supporting documentation to support all expenses claimed.</p>
Cause	<p>The Circuit Clerk did not properly maintain a fee journal during the year, and all receipts and expenses were not properly recorded to match the balances reported on the Annual Financial Report.</p> <p>Further, the Circuit Clerk did not maintain the necessary supporting documentation to support that all expenses claimed were Schedule C deductions.</p>
Effect	Failure to maintain an accurate fee journal and all necessary documentation could result in the loss or misappropriation of public funds.
Recommendation	<p>The Circuit Clerk should maintain an accurate and complete accounting system that encompasses all revenue and expenses and ensures the proper documentation is maintained.</p> <p>We recommend that the Circuit Clerk amend his AFR to remove the unsupported, and therefore disallowed, expenses that total \$3,673.</p> <ul style="list-style-type: none"> • Professional Fees for \$600 • Travel for \$3,073
Response	The Circuit Clerk has shown documentation of travel and professional fees. He will not file and amended AFR.
Sheriff	

9.	<u>Public Officials Should Ensure Compliance with State Law over the Maintenance of a Cash Journal.</u>
Repeat Finding	Yes
Criteria	<p><i>Section 7-7-211, Mississippi Code Annotated (1972)</i>, states that, "The department [of audit] shall have the power and it shall be its duty:</p> <p>(a) To identify and define for all public offices of the state and its subdivisions generally accepted accounting principles or other accounting principles as promulgated by nationally recognized professional organizations and to consult with the State Fiscal Officer in the prescription and implementation of accounting rules and regulations;</p> <p>(b) To provide best practices, for all public offices of regional and local subdivisions of the state, systems of accounting, budgeting and reporting financial facts relating to said offices in conformity with legal requirements and with generally accepted accounting principles or other accounting principles as promulgated by nationally recognized professional organizations; to assist such subdivisions in need of assistance in the installation of such systems; to revise such systems when deemed necessary, and to report to the Legislature at periodic times the extent to which each office is maintaining such systems, along with such recommendations to the Legislature for improvement as seem desirable...."</p>
Condition	<p>As reported in the prior two years' audit reports, during the course of our audit, we noted the following instances:</p> <ul style="list-style-type: none"> • Twelve (12) instances out of twenty (20) tested where receipts were not timely recorded in the cash journal
Cause	The Sheriff has failed to establish a system of internal control around the receipting and recording of funds collected.
Effect	Inadequate controls surrounding the receipting and recording of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts and settlement of funds to the County.
Recommendation	Public officials should ensure that a cash journal is maintained and all receipts and expenditures are properly recorded in the journal in a timely manner as prescribed by statute.
Response	The Sheriff will maintain a cash journal.
10.	<u>Public Officials Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.</u>
Repeat Finding	Yes
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972)</i> , states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."
Condition	As reported in the prior two years' audit reports, during the course of our audit, we noted that twelve (12) out of twenty (20) deposits tested were not being made timely, with three (3) deposits being held for more than fourteen (14) days.
Cause	These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to

implement controls over cash could result in a delay in the timely reconciliation of bank accounts and settlement of funds to the County.

Recommendation Public officials should ensure that deposits are being made in a timely manner as prescribed by statute.

Response Deposits will be made in a timely manner.

11. The Sheriff has Insufficient Separation of Duties in the Collection, Deposit Preparation, and Recording Functions.

Repeat Finding Yes

Criteria An effective system of internal control should include an adequate segregation of duties in the collection, deposit preparation, and recording functions.

Condition As reported in the prior two years' audit reports, during the course of our audit, we noted that the same individual who collects money, reviews the collections for the day, prepares the deposit, takes the deposit, records the collections, prepares the settlements and reconciles the bank statement.

Cause The Sheriff has not established a system of internal control with adequate separation of duties concerning the collection, deposit preparation, recording, settling and reconciling of revenues.

Effect Failure to properly separate the accounting duties could result in the misappropriation of public funds.

Recommendation The Sheriff should ensure that there is an adequate separation of duties in the collection, deposit preparation, recording, settling and reconciling functions within the office.

Response Due to staffing concerns it is difficult to separate all the duties.

12. Public Officials Should Ensure that Bank Reconciliations are Performed

Repeat Finding No

Criteria An effective system of internal controls requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition During the course of our audit, we were unable to obtain evidence that the Sheriff's Account bank reconciliations were performed.

Cause The Sheriff has not implemented proper controls to ensure the accuracy of the bank reconciliation.

Effect Not completing an accurate bank reconciliation results in a weakness in the system of internal controls over cash.

Recommendation The Sheriff should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis and maintain records of such.

Response The Sheriff will ensure bank reconciliations are performed on a timely basis.

13. The Sheriff Should Strengthen Internal Control over Settlements.

Repeat Finding No

Criteria	An effective system of internal control includes the timely and proper completion of monthly settlements to the County's general fund.
Condition	During the course of our test work, we noted that the Sheriff's Office did not timely settle all funds to the County's general fund on four (4) occasions.
Cause	The sheriff's office did not properly make settlements of all funds collected to the County's general fund by the twentieth (20 th) of the subsequent month.
Effect	Failure to issue make timely and proper settlements could result in the misappropriation of public funds.
Recommendation	The Sheriff should strengthen controls over the settling of funds to the County's general fund to ensure that proper settlements of all funds collected are made on or before the twentieth (20 th) of the subsequent month.
Response	The Sheriff will address this.

14. Public Officials Should Ensure Compliance with State Law over the Operation of Inmate Canteen Facility.

Repeat Finding Yes

Criteria	<i>Section 19-3-81(1)(b), Mississippi Code Annotated (1972)</i> , states that, "If the board of supervisors of any county authorizes the sheriff of such county to operate such a facility or facilities as provided in subsection (1) of this section, any funds which may be derived from the operation of an inmate canteen facility or facilities shall be deposited into a special fund in the county treasury to be designated as the "Inmate Canteen Fund." Any monies in the special fund may be expended solely by the sheriff of the county for any educational related expenses, to purchase equipment and supplies and to provide for maintenance of the equipment purchased for the benefit and welfare of the inmates incarcerated in the county jail. The term "supplies" shall not include supplies related to the personal hygiene of inmates."
Condition	As reported in the prior two years' audit reports, during the course of our audit, we noted that the Sheriff's office did not properly maintain a cash journal, did not correctly settle inmate canteen commission or interest, and did not reconcile the bank statement.
Cause	These delays are due to inadequate internal controls surrounding the statutory requirements for the maintenance and operation of an inmate canteen facility.
Effect	Inadequate controls surrounding the operation of an inmate canteen facility could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts and settlement of funds to the County.
Recommendation	We recommend that the Sheriff maintain the cash journal for the Inmate Canteen Facility, settle all fees timely and implement controls to ensure proper reconciliations are performed.
Response	The Sheriff is now maintaining a cash journal for the Inmate Canteen Fund.

Yalobusha 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, is not intended to be, and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, MS
March 8, 2024

YALOBUSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YALOBUSHA COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
American Rescue Fund	Unmodified
ER-0081-00(047) Proceeds Fund	Unmodified
Ajinomoto CAP Loan Reserve/Trust	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes
 - b. Significant deficiency(ies) identified? None Reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified? None reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs:

ALN #20.205 - Highway Planning and Construction
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

YALOBUSHA COUNTY

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

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2022-001. Component units should be included in the financial statements.

Repeat Finding Yes; 2021-001

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

Condition As reported in the prior year's audit report, the financial statements do not include the financial data for the county's legally separate component units.

Cause The County lacked the resources to include the audited financial statements of the component units.

Effect The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation The Board of Supervisors should provide the audited financial data for its discretely presented component units for inclusion in the County's financial statements.

Views of Responsible

Official(s) See Corrective Action Plan

Section 3: Federal Award Findings and Questioned Costs

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

YALOBUSHA COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Yalobusha County
Chancery Clerk
P.O. Box 664
Water Valley, Ms.

Bridgers, Goodman, Baird, & Clark, PLLC
Certified Public Accounts
3528 Manor Drive
Vicksburg, Mississippi 39180

To Whom It May Concern:

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

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

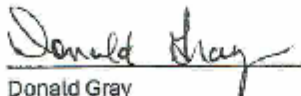
2022-001. Corrective Action Planned:

We believe that the cost of compliance with the requirement to provide audited financial data for the County's component units out weighs the benefits to the County. Therefore, we will not provide audited financial data for the component units for inclusion in the County's financial statements.

Anticipated Completion Date:

Not applicable

Signature and Contact Person Responsible for Corrective Action:



Donald Gray
Chancery Clerk
Phone #662-473-2091

Yalobusha County
P.O. Box 664
Water Valley, Ms. 38965

Ceyce Washington
Board President

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Bridgers, Goodman, Baird & Clark, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, MS 39180

To Whom It May Concern:

The Yalobusha County Board of Supervisors respectfully submits the following summary schedule of prior audit findings.

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

2021-001. Component units should be included in the financial statements.

NOT CORRECTED.

The Board of Supervisors believes that the cost of compliance with the requirements to provide audited financial data for the County's component units outweighs the benefits to the County. Therefore, management has chosen to omit the audited financial data for the component units for inclusion in the County's financial statements.

Sincerely,


Chancery Clerk