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CHOCTAW COUNTY

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015

CHOCTAW COUNTY

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SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

Members of the Board of Supervisors
Choctaw County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2015 financial and compliance audit report for Choctaw County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Choctaw County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Choctaw County. If I can be of any further assistance, please contact me at (601) 397-4419.

Respectfully submitted,



August 2, 2019
Clinton, Mississippi

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CHOCTAW COUNTY

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CHOCTAW COUNTY

FINANCIAL SECTION

CHOCTAW COUNTY

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CERTIFIED PUBLIC ACCOUNTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of Choctaw County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Choctaw Regional Medical Center and Choctaw County Economic Development District, which represent 92 and 8 percent of the assets, 88 and 12 percent of the net position, and 99 and 1 percent of the revenues of the component units column, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Choctaw County, Mississippi, as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with

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accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omitted Required Supplementary Information

Choctaw County 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 (GASB) who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Choctaw County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2019, on our consideration of Choctaw County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Choctaw County, Mississippi's internal control over financial reporting and compliance.

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
August 2, 2019

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CHOCTAW COUNTY

FINANCIAL STATEMENTS

CHOCTAW COUNTY

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CHOCTAW COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government	
	Governmental Activities	Component Units
ASSETS		
Cash	\$ 6,231,834	1,333,387
Cash - restricted		20,544
Property tax receivable	7,904,217	
Accounts receivable (net of allowance for uncollectibles of \$467,221)	37,773	
Fines receivable (net of allowance for uncollectibles of \$669,043)	151,809	
Patient accounts receivable (net of allowance for uncollectibles of \$2,846,045)		2,840,278
Loans receivable	22,000	
Intergovernmental receivables	184,273	
Other receivables	141	
Restricted assets	500,008	
Prepaid items		43,726
Estimated third-party settlements		419,227
Inventories of supplies and drugs		73,025
Noncurrent cash and investments		
Cash - restricted under note agreement		650,639
Unemployment reserve account		23,440
Unamortized loan issue costs		42,227
Capital assets:		
Land and construction in progress	2,768,857	236,407
Other capital assets, net	33,063,847	16,376,645
Total Assets	50,864,759	22,059,545
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	1,143,995	
Deferred amount on refunding	2,757,199	
Total deferred outflows of resources	3,901,194	-
LIABILITIES		
Accounts payable		3,141,980
Claims payable	409,946	
Patient accounts receivable credit balances		89,863
Accrued expenses, including payroll taxes withheld		503,818
Intergovernmental payables	14,873	
Accrued interest payable	44,410	84,813
Unearned revenue	92,867	
Other payables	12,919	
Amounts held in custody for others		20,544
Long-term liabilities		
Net Pension Liability	4,830,634	
Due within one year:		
Capital debt	1,292,897	434,398
Non-capital debt	3,018	
Due in more than one year:		
Capital debt	15,693,998	3,733,124
Non-capital debt	27,165	
Total Liabilities	22,422,727	8,008,540
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	218,973	
Property taxes for future reporting periods	7,904,217	
Total deferred inflows of resources	8,123,190	-
NET POSITION		
Net investment in capital assets	21,603,008	12,445,531
Restricted for:		
Loan receivable	22,000	
Note agreement		650,639
Expendable:		
General government	315,811	
Debt service	19,613	
Public safety	194,724	
Public works	2,340,800	
Health and welfare	2,158,638	
Unrestricted	(2,434,558)	954,835
Total Net Position	\$ 24,220,036	14,051,005

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

CHOCTAW COUNTY
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 2,711,563	157,909	14,027	15,691	(2,523,936)	
Public safety	1,370,025	259,968	128,066		(981,991)	
Public works	2,383,107	575,715	763,806	54,334	(989,252)	
Health and welfare	764,837		17,866		(746,971)	
Culture and recreation	89,097				(89,097)	
Conservation of natural resources	47,811				(47,811)	
Economic development and assistance	60,000		40,000		(20,000)	
Interest on long-term debt	596,654				(596,654)	
Pension expense	634,592				(634,592)	
Total Governmental Activities	<u>8,657,686</u>	<u>993,592</u>	<u>963,765</u>	<u>70,025</u>	<u>(6,630,304)</u>	
Component units:						
Choctaw County Economic Development District	\$ 332,977	189,600				
Choctaw Regional Medical Center	<u>17,666,023</u>	<u>15,718,512</u>		<u>514,574</u>		
Total Component Units	<u>\$ 17,999,000</u>	<u>15,908,112</u>	<u>-</u>	<u>514,574</u>		<u>(1,576,314)</u>
General revenues:						
Property taxes				\$ 8,523,659		
Road & bridge privilege taxes				109,151		
Grants and contributions not restricted to specific programs				252,500		
Special assessments				475,351		
Unrestricted interest income				3,216		2,565
Miscellaneous				<u>354,543</u>		
Total General Revenues				9,718,420		2,565
Special item - capital contribution						22,000
Changes in Net Position				<u>3,088,116</u>		<u>(1,551,749)</u>
Net Position - Beginning, as previously reported				38,062,976		15,555,754
Prior period adjustment				<u>(16,931,056)</u>		<u>47,000</u>
Net Position - Beginning, as restated				<u>21,131,920</u>		<u>15,602,754</u>
Net Position - Ending				<u>\$ 24,220,036</u>		<u>14,051,005</u>

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

CHOCTAW COUNTY
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds				
	General	Bond	Bond	Other	Total
	Fund	Repayment	Reserve	Governmental	Governmental
		Fund	Fund	Funds	Funds
ASSETS					
Cash	\$ 1,491,853		1,314,939	3,425,042	6,231,834
Restricted Assets		7	500,001		500,008
Property tax receivable	4,976,627	1,456,980		1,470,610	7,904,217
Accounts receivable (net of allowance for uncollectibles of \$467,221)				37,773	37,773
Fines receivable (net of allowance for uncollectibles of \$669,043)	151,809				151,809
Loans receivable				22,000	22,000
Intergovernmental receivables	54,985			129,288	184,273
Other receivables	141				141
Due from other funds		17,418		20,324	37,742
Total Assets	\$ 6,675,415	1,474,405	1,814,940	5,105,037	15,069,797
LIABILITIES					
Liabilities:					
Claims payable	\$ 123,192			286,754	409,946
Intergovernmental payables	14,873				14,873
Due to other funds	41,320				41,320
Unearned revenue				92,867	92,867
Other payables	9,341				9,341
Total Liabilities	\$ 188,726	-	-	379,621	568,347
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	4,976,627	1,456,980		1,470,610	7,904,217
Unavailable revenue - accounts receivable				37,773	37,773
Unavailable revenue - fines receivable	151,809				151,809
Total deferred inflows of resources	\$ 5,128,436	1,456,980	-	1,508,383	8,093,799
Fund balances:					
Nonspendable:					
Loan receivable				22,000	22,000
Restricted for:					
General government				315,811	315,811
Public safety				194,724	194,724
Public works				2,340,800	2,340,800
Health and welfare			1,814,940	343,698	2,158,638
Debt service		17,425			17,425
Unassigned	1,358,253				1,358,253
Total Fund Balances	\$ 1,358,253	17,425	1,814,940	3,217,033	6,407,651
Total Liabilities, Deferred Inflows and Fund Balances	\$ 6,675,415	1,474,405	1,814,940	5,105,037	15,069,797

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

CHOCTAW COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 6,407,651
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 \$60,878,393.	35,832,704
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Accounts receivable	37,773
Fines receivable	151,809
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(17,017,078)
Deferred amount on refunding	2,757,199
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(44,410)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(4,830,634)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions	1,143,995
Deferred inflows of resources related to pensions	<u>(218,973)</u>
Total Net Position - Governmental Activities	\$ <u><u>24,220,036</u></u>

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

CHOCTAW COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2015

	Major Funds			Other	Total
	General	Bond	Bond	Governmental	Governmental
	Fund	Repayment	Reserve	Funds	Funds
		Fund	Fund		
REVENUES					
Property taxes	\$ 4,579,298	1,538,755	632,364	1,773,242	8,523,659
Road and bridge privilege taxes				109,151	109,151
Licenses, commissions and other revenue	68,867			6,485	75,352
Fines and forfeitures	55,585				55,585
Special assessments	80,371			394,980	475,351
Intergovernmental revenues	279,875			1,006,415	1,286,290
Charges for services	165,334			657,579	822,913
Interest income	3,216				3,216
Miscellaneous revenues	532,244			221,654	753,898
Total Revenues	5,764,790	1,538,755	632,364	4,169,506	12,105,415
EXPENDITURES					
Current:					
General government	2,820,810			78,183	2,898,993
Public safety	1,241,260			256,818	1,498,078
Public works	6,129			2,294,275	2,300,404
Health and welfare	95,901			668,936	764,837
Culture and recreation	89,097				89,097
Conservation of natural resources	47,811				47,811
Economic development and assistance	20,000			40,000	60,000
Debt service:					
Principal	16,541	875,000		448,225	1,339,766
Interest	2,011	566,425		30,406	598,842
Total Expenditures	4,339,560	1,441,425	-	3,816,843	9,597,828
Excess of Revenues over (under) Expenditures	1,425,230	97,330	632,364	352,663	2,507,587
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets				1,928	1,928
Compensation for loss of capital assets	12,200				12,200
Transfers in			932,575	649,137	1,581,712
Transfers out	(1,501,791)	(79,921)			(1,581,712)
Total Other Financing Sources and Uses	(1,489,591)	(79,921)	932,575	651,065	14,128
Net Changes in Fund Balances	(64,361)	17,409	1,564,939	1,003,728	2,521,715
Fund Balances - Beginning	1,422,614	16	250,001	2,213,305	3,885,936
Fund Balances - Ending	\$ 1,358,253	17,425	1,814,940	3,217,033	6,407,651

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

CHOCTAW 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, 2015

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 2,521,715
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$826,855 exceeded capital outlays of \$746,941 in the current period.	(79,914)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$226,502.	(226,502)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	2,723
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.	37,019
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments of \$1,339,766.	1,339,766
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	1,295
Decrease in accrued interest payable	2,188
Refunding of bond deferred charges	(196,943)
Premium on refunding bond	9,962
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 year	(634,592)
Recording of contributions made for the current year	311,399
Change in Net Position of Governmental Activities	\$ <u><u>3,088,116</u></u>

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

CHOCTAW COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 8

		Agency Funds
ASSETS		
Cash	\$	15,332
Due from other funds		3,578
Total Assets	\$	<u>18,910</u>
LIABILITIES		
Claims payable		
Intergovernmental payables	\$	18,910
Total Liabilities	\$	<u>18,910</u>

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

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

B. Individual Component Unit Disclosures

Discretely Presented Component Units

The component units column in the financial statements include the financial data of the following component units of the county. A majority of the members of the governing bodies of these component units are appointed by the Choctaw County Board of Supervisors.

Choctaw County Economic Development District

The Choctaw County Economic Development District (the District) was created by an act of the Mississippi Legislature in 1987. The District is composed of eleven citizens of Choctaw County. These trustees are appointed by the Choctaw County Board of Supervisors. An executive director is employed by the District to oversee the day-to-day operations of the District and to help bring economic development to Choctaw County. The District's office is located in Ackerman, Mississippi. The District has a year end of March 31.

Choctaw County Medical Center

Choctaw County Medical Center is an acute care hospital located in Ackerman, Mississippi. The facility consists of a 2-bed acute short-term care hospital, a 60-bed long-term care facility, and medical clinics. The facility provides inpatient, outpatient, emergency care and long-term care services for residents of Choctaw County, Mississippi and surrounding areas. The facility is governed by a Board of Trustees appointed by the Board of Supervisors of Choctaw County, Mississippi and has a fiscal year end of September 30.

The discretely presented component units are audited by an independent auditor, and each of their financial statements are issued under separate cover. The audited financial statements are available from Choctaw County Economic Development District and Choctaw County Medical Center.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

C. Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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 all activities of the general government for which a separate fund has not been established.

Bond Repayment Fund – This fund is used to account for the accumulation of resources for, and the payment of, the general obligation bonds of the County.

Bond Reserve Fund – This fund is used to account for reserves of resources for, and the payment of, the general obligation bonds of the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

Proceeds of the county's limited obligation revenue bonds are set aside for the completion of construction of the new hospital and medical clinic building. A portion of the proceeds of the county's limited obligation revenue bonds are set aside to pay interest accrued on the bonds during the course of construction of the new hospital and medical clinic building. When both restricted and non-restricted assets are available for use, the policy is to use the restricted assets first.

J. Capital Assets.

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

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	\$ -	N/A
Infrastructure	-	20-50 years
Buildings	50,000	40 years
Improvement other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

K. Deferred Outflows/Inflows of Resources.

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

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

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 16 for details.

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

Property tax for future reporting period/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 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 time as the revenue becomes available.

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 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 16 for details.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net positions 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.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

M. Long-term Liabilities.

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

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

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

N. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

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

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

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

Fund Financial Statements:

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

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

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

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

Net Position/Fund Balance Flow Assumption:

When an expenditure/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 expenditures/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.

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 percent 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.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Q. Compensated Absences.

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

R. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

Exhibit 2 - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 and 71:	
Net pension liability	\$ (3,574,205)
Deferred outflows of resources - contributions	116,082
Assets transferred to Choctaw Regional Medical Center	(13,348,637)
Adjustment to correct revenue or expenditure	<u>(124,296)</u>
	<u>\$ (16,931,056)</u>

Component Units:

Choctaw County Medical Center

Statement of Revenues, Expenses and Changes in Net Position

<u>Explanation</u>	<u>Amount</u>
Correction of unamortized loan issuance costs	\$ 47,000
	<u>47,000</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$6,231,834 for governmental funds, \$15,332 for agency funds and the bank balance was \$6,174,584. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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. However, the Mississippi State Treasurer manages that risk on behalf of the County. 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.

Investments:

Investment balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>		<u>Fair Value</u>	<u>Rating</u>
G/S Treasury Obligations	Less than one year	\$	500,008	Not rated
Total		\$	<u>500,008</u>	

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

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choice or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2015, the county did not have any investments to which this would apply.

Component Units:

Choctaw County Medical Center

The facility deposits funds in financial institutions selected by the Board of Trustees. Various restrictions on deposits are imposed by statutes.

The collateral for public entities deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under the program, an 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. All of the funds available to be included in the state's collateral pool program were properly included and were fully collateralized at September 30, 2015.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2015:

A. Due From/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Repayment Fund	General Fund	\$ 17,418
Other Governmental Funds	General Fund	20,324
Agency Funds	General Fund	3,578
	Total	<u>\$ 41,320</u>

The receivables represent the tax revenue collected but not settled until October, 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Bond Reserve Fund	General Fund	\$ 852,654
Bond Reserve Fund	Bond Repayment Fund	79,921
Other Governmental Funds	General Fund	649,137
	Total	<u>\$ 1,581,712</u>

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

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Legislative Tag Credit	\$ 48,149
Mississippi Emergency Management	32,843
Motor Vehicle Fuel Tax	33,892
Motor Vehicle Licenses	6,852
Reimbursement for Housing Prisoners	54,841
Other	<u>7,696</u>
Total Governmental Activities	<u>\$ 184,273</u>

(6) Loans Receivable.

Choctaw County entered into a loan agreement with Ackerman Forge with a maturity date of April 11, 2014. At fiscal year ending September 30, 2015, the Ackerman Forge was deficient in its payments to the Choctaw County in the amount of \$22,000.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(7) Restricted Assets.

The balances of the restricted asset accounts in the bond repayment and bond reserve fund at September 30, 2015, are as follows:

Bond Repayment Fund	\$	7
Bond Reserve Fund		500,001
Total	\$	<u>500,008</u>

(8) Capital Assets.

Primary Government:

The following is a summary of capital assets activity for the year ended September 30, 2015:

	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
GOVERNMENTAL ACTIVITIES					
Non-depreciable capital assets:					
Land	\$ 312,250			(225,947)	86,303
Construction in progress	2,273,776	408,778			2,682,554
Total non-depreciable capital assets	\$ 2,586,026	408,778	-	(225,947)	2,768,857
Depreciable capital assets:					
Infrastructures	\$ 81,495,147	65,159			81,560,306
Buildings	17,271,746			(13,891,476)	3,380,270
Improvements other than buildings	1,450,916			(355,558)	1,095,358
Mobile equipment	6,132,804	237,097	20,821		6,349,080
Furniture and equipment	916,082	35,907	17,669	(638,071)	296,249
Leased property under capital leases	1,826,978		515,299	(50,702)	1,260,977
Total depreciable capital assets	\$ 109,093,673	338,163	553,789	(14,935,807)	93,942,240
Less accumulated depreciated for:					
Infrastructures	\$ 53,769,216	228,130			53,997,346
Buildings	2,417,501	49,746		(1,480,593)	986,654
Improvements other than buildings	437,546	39,663		(146,609)	330,600
Mobile equipment	4,486,981	334,078	17,410		4,803,649
Furniture and equipment	556,660	30,934	14,555	(160,484)	412,555
Leased property under capital leases	524,038	144,304	295,322	(25,431)	347,589
Total accumulated depreciation	\$ 62,191,942	826,855	327,287	(1,813,117)	60,878,393
Depreciable capital assets, net	\$ 46,901,731	(488,692)	226,502	(13,122,690)	33,063,847
Governmental activities capital assets, net	\$ 49,487,757	(79,914)	226,502	(13,348,637)	35,832,704

Depreciation expense was charged to the following functions:

Governmental Activities:	Amount
General government	\$ 63,773
Public safety	167,336
Public works	595,746
Total governmental activities depreciation expense	\$ <u>826,855</u>

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
BRIDGE - BR - 0010 (23)	\$ 66,780	10/14/2015
BRIDGE - LSBP-10 (13)	39,527	01/14/2016
BRIDGE - LSBP - 10 (12)	41,472	03/01/2016
BRIDGE - STP - 1619 (5)	330,049	06/12/2018

Component Units:

Choctaw County Economic Development District

The following is a summary of capital asset activity for the year ended March 31, 2015:

	Apr. 1, 2014	Additions	Deletions	Mar. 31, 2015
Non-depreciable capital assets:				
Land	223,360			223,360
Total non-depreciable capital assets	223,360			223,360
Depreciable capital assets:				
Buildings	1,415,635			1,415,635
Total depreciable capital assets	1,415,635			1,415,635
Less accumulated depreciated for:				
Buildings	222,947	35,391		258,338
Total accumulated depreciation	222,947	35,391		258,338
Depreciable capital assets, net	1,192,688	(35,391)		1,157,297
Governmental activities capital assets, net	1,416,048	(35,391)		1,380,657

Choctaw County Medical Center

Capital asset additions, retirement and balances for the year ended September 30, 2015:

	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Construction in progress	165,152	1,570,353		(1,722,458)	13,047
Total non-depreciable capital assets	165,152	1,570,353	-	(1,722,458)	13,047
Depreciable capital assets:					
Land improvements		10,165			10,165
Buildings and improvements	15,595,014	8,919			15,603,933
Equipment under capital lease	47,962	120,373			168,335
Other equipment	580,856			1,722,458	2,303,314
Automobiles	138,532	22,000			160,532
Total Historical Costs	16,362,364	161,457	-	1,722,458	18,246,279
Less accumulated depreciated for:					
Land improvements		226			226
Buildings and improvements	1,870,800	379,921			2,250,721
Equipment under capital lease	799	13,605			14,404
Other equipment	262,132	373,668			635,800
Automobiles	124,680	1,100			125,780
Total accumulated depreciation	2,258,411	768,520	-	-	3,026,931
Depreciable capital assets, net	14,103,953	(607,063)	-	1,722,458	15,219,348
Governmental activities capital assets, net	14,269,105	963,290	-	-	15,232,395

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(9) 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, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-serving organization with the county retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis. The county has reinsurance which functions on two separate stop loss coverages; specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$20,000, and the aggregate policy covers all submitted claims in excess of \$55,000. The reinsurance coverage limit is \$1,000,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2014 and 2015:

		2014	2015
Unpaid claims, beginning of the year	\$	48,739	-
Plus incurred claims (including IBNR's)			
Less claims payments		(48,739)	-
Unpaid claims, end or year	\$	-	-

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

Classes of Property	Governmental Activities
Improvements	\$ 338,500
Mobile equipment	652,920
Furniture and equipment	269,557
Total	1,260,977
Less: Accumulated Depreciation	(347,589)
Lease Property under Capital Lease	\$ 913,388

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

The following is a schedule by years of the total payments due as of September 30, 2015:

Year ending September 30,	Principal	Interest
2016	\$ 249,006	\$ 21,648
2017	245,011	6,395
2018	93,668	1,123
2019	8,439	39
Total	<u>\$ 596,124</u>	<u>\$ 29,205</u>

(11) Long-term Debt.

Debt outstanding as of September 30, 2015 consisted of the following:

Description	Amount Outstanding	Interest Rate	Final Maturity
<u>Governmental Activities:</u>			
<u>A. General Obligation Bonds:</u>			
General Obligation Taxable Refunding Bonds, Series 2013	\$ 15,780,000	3.50-4.50%	9/1/2029
	<u>\$ 15,780,000</u>		
<u>B. Capital Leases:</u>			
2013 Ford Interceptor Utility	\$ 15,247	5.50%	12/5/2017
EMA 2013 Ford F-250	17,592	2.27%	10/4/2018
Zetron Channel System	44,408	1.98%	5/7/2017
CAT Motor Grader 12-m	18,906	1.98%	4/3/2017
Tractor and Bush Hog	38,240	2.17%	11/20/2017
2013 Ford F-150	14,459	2.27%	10/4/2018
Hospital Generator	161,218	2.17%	1/6/2018
CAT Motor Grader 12-m	127,261	2.27%	10/4/2018
Caterpillar Motor Grader	137,195	2.27%	12/6/2018
2014 Ford XPO 4W White	21,598	2.27%	12/24/2018
	<u>\$ 596,124</u>		
<u>C. Other Loans:</u>			
CAP Loan – Fire Truck Ackerman	\$ 17,432	3.00%	5/1/2017
CAP Loan – Fire Truck ByWy	24,591	2.00%	12/1/2017
CAP Loan – Fire Truck Weir	37,078	2.00%	9/1/2018
Hospital Equipment	224,433	2.59%	9/13/2018
CAP Loan – Union Fire Truck	167,763	3.00%	4/1/2024
	<u>\$ 471,297</u>		

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 905,000	\$ 532,925	\$ 128,929	\$ 10,751
2017	930,000	505,775	126,029	7,582
2018	955,000	477,875	113,649	4,891
2019	985,000	451,613	19,042	3,160
2020	1,005,000	429,450	19,622	2,581
2021-2025	5,470,000	1,704,388	64,026	4,217
2026-2029	5,530,000	630,438		
	<u>\$ 15,780,000</u>	<u>\$ 4,732,464</u>	<u>\$ 471,297</u>	<u>\$ 33,182</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, 2015, the amount of outstanding debt was equal to 5.46% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2015, \$12,615,000 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due Within one year
Governmental Activities:					
General obligation bonds	\$ 16,655,000		875,000	15,780,000	905,000
Add:					
Premiums	149,436		9,962	139,474	9,962
Capital leases	966,284		370,160	596,124	261,144
Other loans	565,903		94,606	471,297	249,006
Subtotal \$	<u>18,336,623</u>		<u>1,349,728</u>	<u>16,986,895</u>	<u>1,425,112</u>
Compensated absences \$	<u>31,478</u>		<u>1,295</u>	<u>30,183</u>	<u>3,018</u>
Total \$	<u>18,368,101</u>	<u>-</u>	<u>1,351,023</u>	<u>17,017,078</u>	<u>1,428,130</u>
Deferred amount on refunding \$	<u>(2,954,142)</u>		<u>(196,943)</u>	<u>(2,757,199)</u>	<u>(196,943)</u>

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

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Component Unit:

Choctaw County Medical Center:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due Within one year
Bank of Kilmichael Series 2014 Note	\$ 1,701,384	2,308,443		4,009,827	400,000
Capital Lease Obligations	47,306	120,373	9,984	157,695	34,398
Total \$	1,748,690	2,428,816	9,984	4,167,522	434,398

Scheduled principal and interest repayments on long-term debt and payments on capital lease obligations are as follows:

Year Ending September 30,	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2016	\$ 400,000	\$ 200,463	\$ 34,398	\$ 9,095
2017	415,000	180,463	32,709	6,230
2018	440,000	159,713	34,690	4,248
2019	460,000	137,713	35,830	2141
2020	485,000	114,713	20,068	429
Thereafter	1,809,827	204,600		
	\$ 4,009,827	\$ 997,665	\$ 157,695	\$ 22,143

(12) Net Patient Service Revenue

Component Unit:

Choctaw County Medical Center:

The facility has agreements with third-party payors that provide for payments to the facility at amounts different from its established rates. A summary of the payment arrangements with major third party payors follows:

Medicare – Inpatient acute care services, outpatient services and nonacute inpatient services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The facility is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the facility and audits thereof by the Medicare fiscal intermediary.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement technology. The facility is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the facility and audits thereof by the Medicaid fiscal intermediary. The facility is reimbursed for outpatient services under a cost reimbursement methodology that is updated annually. Nursing home services are reimbursed under a cost based case mix reimbursement system.

Medicaid Upper Payment Limit Payments (UPL) and Medicaid Disproportionate Share Hospital (DSH) – Under these programs, the facility receives enhanced reimbursement through a matching mechanism. The facility received Medicaid upper payment limit payments of \$406,059 for the year ended

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

September 30, 2015. There were no Medicaid upper payment limit payments received for the period August 1, 2014 through September 30, 2014. The facility received Medicaid Disproportionate Share Hospital payments of \$469,325 for the year ended September 30, 2015. There were no Medicaid Disproportionate Share Hospital payments received for the period August 1, 2014 through September 30, 2014.

The Medicaid upper payment limit program is a program whereby the hospital qualifies for upper payment limit funds in addition to regular funds. The Division of Medicaid administers the upper payment limit program and the continuation of the program rests with the federal government.

The composite of net patient service revenues at September 30, 2015 follows:

	2015
Gross patient service revenue	\$ 20,125,278
Provision for contractuals and other adjustments	(2,109,689)
Less provision for bad debts	(2,303,426)
	<u>\$ 15,712,163</u>

(13) Contingencies

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes.

Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

(14) Joint Ventures.

The County participates in the following joint ventures:

Choctaw County is a participant with the Counties of Clay, Lowndes, Noxubee, Oktibbeha, and Webster and the Cities of Ackerman, Columbus, Eupora, Macon, Starkville and West Point in a joint venture authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Choctaw County Board of Supervisors appoints one of the fourteen members of the board of directors. Choctaw County did not appropriate any funds to the organization in the fiscal year 2015. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, P.O. Box 828, Starkville, Mississippi 39760-0828.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Choctaw County Board of Supervisors appoints two of the twenty-two members of the board of trustees. The county appropriated \$447,914 for maintenance and support of the college in fiscal year 2015.

The Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints four of the twenty-eight members of the board of directors. The county appropriated \$12,500 to the district in fiscal year 2015.

Tombigbee Regional Library System provides services for the Counties of Choctaw, Clay, Monroe and Webster. The Choctaw County Board of Supervisors appoints one of the five members of the board of directors. The county appropriated \$67,870 to the district in fiscal year 2015.

The Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster, and Winston. The Choctaw County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the seven members of the board of directors. The county appropriated \$15,000 for support of the agency in fiscal year 2015.

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the twenty-one members of the board of directors. Most of the funding for the district is derived from federal funds. The county provides a modest amount of financial support when matching funds are required for federal grants.

(16) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. Choctaw 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. Benefit provisions are established by state law 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

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

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

Contributions. At September 30, 2015, 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, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$311,399, \$278,064 and \$259,882, 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, 2015, the County reported a liability of \$4,830,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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. At June 30, 2015, the County's proportion was .03125 percent, which was an increase of .001804 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$634,592. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,672	
Net difference between projected and actual earnings on pension plan investments	353,305	
Changes of assumptions	569,136	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		218,973
County contributions subsequent to the measurement date	119,882	
Total	\$ 1,143,995	218,973

\$119,882 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2016	\$ 192,122
2017	192,122
2018	192,122
2019	158,113
2020	70,661
	\$ 805,140

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

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

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

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
---------------------------	-----------------------------	---------------------------

County's proportionate share of the net pension liability	\$ 6,367,218	4,830,634	3,555,556
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(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 Choctaw County evaluated the activity of the County through August 2, 2019, the date the financial statements were available to be issued and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

CHOCTAW COUNTY

Notes to Financial Statements For the Year Ended September 30, 2015

Date	Amount	Type	Source
10/21/2015	127,487	Grant	Mississippi Development Authority
11/16/2015	69,374	Grant	Mississippi Development Authority
11/18/2015	92,880	Grant	Mississippi Development Authority
11/20/2015	81,544	Grant	Mississippi Development Authority
11/25/2015	52,239	Grant	Mississippi Development Authority
01/14/2016	44,964	Grant	Mississippi Development Authority
02/23/2016	21,110	Grant	Mississippi Development Authority

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CHOCTAW COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY

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CHOCTAW COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,400,240	4,579,298	4,579,298	-
Licenses, commissions and other revenue	48,165	57,737	57,737	-
Fines and forfeitures	44,000	53,868	53,868	-
Special assessments	400,000	80,371	80,371	-
Intergovernmental revenues	763,500	374,859	374,859	-
Charges for services	180,000	164,886	164,886	-
Interest income	2,500	3,216	3,216	-
Miscellaneous revenues	181,178	587,875	587,875	-
Total Revenues	<u>6,019,583</u>	<u>5,902,110</u>	<u>5,902,110</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,471,405	2,968,009	2,968,009	-
Public safety	1,176,877	1,231,749	1,231,749	-
Public works	5,825	5,229	5,229	-
Health and welfare	86,775	87,689	87,689	-
Culture and recreation	58,000	81,373	81,373	-
Conservation of natural resources	53,233	45,124	45,124	-
Economic development and assistance	20,000	20,000	20,000	-
Debt service	961,322	7,232	7,232	-
Total Expenditures	<u>4,833,437</u>	<u>4,446,405</u>	<u>4,446,405</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>1,186,146</u>	<u>1,455,705</u>	<u>1,455,705</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued				-
Compensation for loss of capital assets		12,200	12,200	-
Transfers in	40,000	1,953,285	1,953,285	-
Transfers out		(3,507,481)	(3,507,481)	-
Total Other Financing Sources and Uses	<u>40,000</u>	<u>(1,541,996)</u>	<u>(1,541,996)</u>	<u>-</u>
Net Change in Fund Balance	1,226,146	(86,291)	(86,291)	-
Fund Balances - Beginning	<u>839,000</u>	<u>1,659,736</u>	<u>1,659,736</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,065,146</u>	<u>1,573,445</u>	<u>1,573,445</u>	<u>-</u>

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

CHOCTAW COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Bond Repayment Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,435,359	1,521,337	1,521,337	-
Total Revenues	<u>1,435,359</u>	<u>1,521,337</u>	<u>1,521,337</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:	<u>1,435,359</u>	<u>1,441,425</u>	<u>1,441,425</u>	
Total Expenditures	<u>1,435,359</u>	<u>1,441,425</u>	<u>1,441,425</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>79,912</u>	<u>79,912</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Transfers out		(79,921)	(79,921)	-
Total Other Financing Sources and Uses	<u>-</u>	<u>(79,921)</u>	<u>(79,921)</u>	<u>-</u>
Net Change in Fund Balance	-	(9)	(9)	-
Fund Balances - Beginning	<u>-</u>	<u>(223,985)</u>	<u>(223,985)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>(223,994)</u>	<u>(223,994)</u>	<u>-</u>

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

CHOCTAW COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Bond Reserve Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 593,726	632,364	632,364	-
Total Revenues	<u>593,726</u>	<u>632,364</u>	<u>632,364</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>593,726</u>	<u>632,364</u>	<u>632,364</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		932,575	932,575	-
Total Other Financing Sources and Uses	<u>-</u>	<u>932,575</u>	<u>932,575</u>	<u>-</u>
Net Change in Fund Balance	593,726	1,564,939	1,564,939	-
Fund Balances - Beginning	<u>250,001</u>	<u>250,001</u>	<u>250,001</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 843,727</u>	<u>1,814,940</u>	<u>1,814,940</u>	<u>-</u>

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

CHOCTAW COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.031250%	0.029446%
County's proportionate share of the net pension liability (asset)	\$ 4,830,634	3,574,205
County's covered-employee payroll	\$ 1,977,137	1,765,486
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	244.32%	202.45%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of 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.

CHOCTAW COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 311,399	278,064
Contributions in relation to the contractually required contribution	<u>311,399</u>	<u>278,064</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 1,977,137	1,765,486
Contributions as a percentage of covered-employee payroll	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.

CHOCTAW COUNTY

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CHOCTAW COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

Budgetary Comparison Schedule

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

		Governmental Fund Types		
		General Fund	Bond Repayment Fund	Bond Reserve Fund
Budget (Cash Basis)	\$	(86,291)	(9)	1,564,939
Increase (Decrease)				
Net adjustment for revenue accruals		(2,090,605)	17,418	-
Net adjustment for expenditure accruals		2,112,535		-
GAAP Basis	\$	<u>(64,361)</u>	<u>17,409</u>	<u>1,564,939</u>

CHOCTAW COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

Pension Schedules

A. Changes in Benefit Terms.

None

B. Changes in Assumptions.

In 2015 and later, the expectations 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. In 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

CHOCTAW COUNTY

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CHOCTAW COUNTY

SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY

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CHOCTAW COUNTY

Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2015

Operating Expenditures, Cash Basis:

Salaries	\$ 244,950
Expendable Commodities:	
Gasoline and petroleum products	64,267
Repair parts	25,872
Clothing	796
Maintenance	38,079
Professional fees, legal advertising and other fees	144,662
Capital Outlay	1,478
Insurance on equipment	375
Supplies	<u>32,207</u>
Solid Waste Cash Basis Operating Expenditures	552,686
Full Cost Expenses:	
Indirect administrative costs	9,680
Depreciation on equipment	<u>59,746</u>
Solid Waste Full Cost Operating Expenses	\$ <u><u>622,112</u></u>

CHOCTAW COUNTY

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CHOCTAW COUNTY

Combining Statement of Net Position - Component Units

September 30, 2015

	Choctaw County Economic Development District	Choctaw Regional Medical Center	Total Component Units
ASSETS			
Cash and investments	\$ 365,955	967,432	1,333,387
Cash - restricted		20,544	20,544
Patient accounts receivable (net of allowance for uncollectibles of \$2,846,045)		2,840,278	2,840,278
Fly ash receivable			-
Prepaid expenses		43,726	43,726
Estimated third-party payor settlements		419,227	419,227
Inventories of supplies and drugs		73,025	73,025
Noncurrent cash and investments			
Cash - restricted under note agreement		650,639	650,639
Unemployment reserve account		23,440	23,440
Unamortized loan issue costs		42,227	42,227
Capital assets:			
Land and construction in progress	223,360	13,047	236,407
Other capital assets, net	1,157,297	15,219,348	16,376,645
Total assets	\$ 1,746,612	20,312,933	22,059,545
LIABILITIES			
Liabilities:			
Accounts payable	\$	3,141,980	3,141,980
Patient account receivable credit balances		89,863	89,863
Accrued expenses, including payroll taxes withheld	1,941	501,877	503,818
Accrued interest payable		84,813	84,813
Amounts held in custody for others		20,544	20,544
Long-term liabilities			
Due within one year:			
Capital debt		434,398	434,398
Non-capital debt			
Due in more than one year:			
Capital debt		3,733,124	3,733,124
Non-capital debt			-
Total liabilities	\$ 1,941	8,006,599	8,008,540
NET POSITION			
Net investment in capital assets	1,380,657	11,064,874	12,445,531
Restricted by note agreement		650,639	650,639
Unrestricted	364,014	590,821	954,835
Total net position	\$ 1,744,671	12,306,334	14,051,005

CHOCTAW COUNTY

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CHOCTAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Net Position - Component Units
For the Year Ended September 30, 2015

	Choctaw County Economic Development District	Choctaw Regional Medical Center	Total Component Units
Operating revenues			
Fly ash sales	\$ 180,000		180,000
Ecoplex	9,600		9,600
Net patient service revenue (net of provision for uncollectible accounts of \$2,303,426)		15,712,163	15,712,163
Other revenue		6,349	6,349
Interest income	1,925		1,925
Total operating revenues	\$ 191,525	15,718,512	15,910,037
Operating expenditures			
Current:			
Salaries	\$ 74,986	9,047,873	9,122,859
Supplies and drugs		1,620,834	1,620,834
Other expenses		5,822,282	5,822,282
Payroll taxes and benefits	20,300		20,300
Accounting and audit	4,795		4,795
Contributions	95,000		95,000
Ecoplex	20,267		20,267
Flyash marketing and loading	-		-
Insurance	2,147	211,169	213,316
Miscellaneous	91		91
Depreciation and amortization	35,391	773,293	808,684
Regional economic enterprise	80,000		80,000
Total operating expenditures	\$ 332,977	17,475,451	17,808,428
Operating income (loss)	\$ (141,452)	(1,756,939)	(1,898,391)
Non-operating revenues (Expenses)			
Grant income	\$	514,574	514,574
Interest income		640	640
Interest expense		(190,572)	(190,572)
Total non-operating revenues (Expenses)	\$ -	324,642	324,642
Net income (loss) before contributions	\$ (141,452)	(1,432,297)	(1,573,749)
Total capital contributions	\$ -	22,000	22,000
Changes in net position	(141,452)	(1,410,297)	(1,551,749)
Net position - beginning, as previously reported	1,886,123	13,669,631	15,555,754
Prior period adjustment		47,000	47,000
Net position - beginning, as restated	1,886,123	13,716,631	15,602,754
Net position - ending	\$ 1,744,671	12,306,334	14,051,005

CHOCTAW COUNTY

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CHOCTAW COUNTY

OTHER INFORMATION

CHOCTAW COUNTY

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CHOCTAW COUNTY
Schedule of Surety Bonds of County Officials
For the Year Ended September 30, 2015
UNAUDITED

Name	Position	Company	Bond
Archie Collins	Supervisor District One	Travelers	\$ 100,000
Larry McClain	Supervisor District Two	Travelers	\$ 100,000
Chris McIntire	Supervisor District Three	Travelers	\$ 100,000
David Carter	Supervisor District Four	Travelers	\$ 100,000
Eric Chambers	Supervisor District Five	Travelers	\$ 100,000
Steve Montgomery	Chancery Clerk	Travelers	\$ 100,000
Steve Montgomery	Purchase Clerk	Travelers	\$ 75,000
Brenton McKnight	Receiving Clerk	Travelers	\$ 75,000
Billie M Pyron	Inventory Clerk	Travelers	\$ 75,000
Peggy Miller	Circuit Clerk	Travelers	\$ 100,000
Lori Kerr	Tax Collector-Assessor	Travelers	\$ 100,000
Dianne Lynn Ray	Deputy Tax Collector	Travelers	\$ 50,000
Lisa Algood	Deputy Tax Collector	Travelers	\$ 50,000
Jeanith Burdine	Deputy Tax Collector	Travelers	\$ 50,000
Jeanith Burdine	Deputy Tax Collector	Travelers	\$ 50,000
Brandi Nicole Shumaker	Deputy Tax Assessor	Travelers	\$ 50,000
Jan Hutchinson	Justice Court Judge	Travelers	\$ 50,000
William Stephenson	Justice Court Judge	Travelers	\$ 50,000
Teresa Weeks	Justice Court Clerk	Travelers	\$ 50,000
Heather Wood	Deputy Justice Court Clerk	Travelers	\$ 50,000
Chris Coleman	Constable	Travelers	\$ 50,000
Thomas Rayburn	Constable	Travelers	\$ 50,000
Clody Holford	Sheriff	Travelers	\$ 100,000
Barry J. Miller	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Brad Vaughn	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Travellers	\$ 50,000
Edward Freborg	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Paul T. Bruflat	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Glenn Sheedy	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Brandon Busby	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Marcus Rodriguez	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Travelers	\$ 50,000
Keith Coleman	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Travelers	\$ 50,000
Wesley Strutton	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Lee A Upchurch	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Melinda Newlin	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000
Willie Miller	Sheriff's Deputy hired under Miss. Code Ann. § 45-5-9 (1972)	Western Surety Company	\$ 50,000

CHOCTAW COUNTY

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CHOCTAW COUNTY

SPECIAL REPORTS

CHOCTAW COUNTY

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SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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
Choctaw County, Mississippi

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Choctaw County, Mississippi, as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 2, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Our report includes a reference to another auditor. Another auditor audited the financial statements of the Choctaw Regional Medical Center and Choctaw County Economic Development District, as described in our report on Choctaw County, Mississippi's financial statements. This report does not include the results of the other auditors' testing of internal control and on compliance and other matters that are reported separately by the other auditors.

Internal Control Over Financial Reporting

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

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

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 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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2015-001 to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Choctaw County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and which are described in the accompanying Schedule of Findings and Responses as items 2015-001.

We noted certain matters that we reported to the management of Choctaw County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 2, 2019, included within this document.

Choctaw County's Response to Findings

Choctaw County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Choctaw County's responses, and accordingly, we express no opinion on them.

Purpose of this Report

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



SHOEMAKER & COMPANY, CPA PLLC
Clinton, Mississippi
August 2, 2019

CHOCTAW COUNTY

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SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

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

Members of the Board of Supervisors
Choctaw County, Mississippi

We have examined Choctaw County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Choctaw County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as 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 Choctaw 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 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, Choctaw County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Choctaw County, Mississippi, 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.

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
Clinton, Mississippi
August 2, 2019

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CHOCTAW COUNTY

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CHOCTAW COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

Schedule 1

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

CHOCTAW COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our test results did not identify any emergency purchases.

CHOCTAW COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2015

Schedule 3

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

CHOCTAW COUNTY

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SHOEMAKER — & CO. —

CERTIFIED PUBLIC ACCOUNTANTS, PLLC

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

In planning and performing our audit of the financial statements of Choctaw County, Mississippi for the year ended September 30, 2015, we considered Choctaw 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 Choctaw 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 August 2, 2019, on the financial statements of Choctaw County, Mississippi.

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

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

Chancery Clerk

1. The Chancery Clerk's Annual Financial Report should include all revenue received by the Chancery Clerk.

Section 9-1-45(1), Miss. Code Ann. (1972) states that "Each chancery and circuit clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a clerk's spouse or children."

During our audit, we noted that certain payments from the County to the Chancery Clerk were recorded by the Chancery Clerk's journal but were not recorded on the Chancery Clerk's 2015 Annual Financial Report. This resulted in an understatement of the required retirement contributions due from the County and Chancery Clerk.

Failure to settle amounts timely could result in misstatement of funds as well as the misstatement of retirement contributions due from the County and the Clerk to the Public Employees Retirement System.

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Recommendation

The Chancery Clerk should design and apply internal controls to ensure that all revenue is reported on the Clerk's Annual Financial Report.

Response

The Clerk has remitted payment to PERS and will have third party look over AFR before submitted to avoid this oversight in the future.

Circuit Clerk.

2. The Circuit Clerk's Annual Financial Report and supporting documentation should be retained by the County.

Section 9-1-45(1), Miss. Code Ann. (1972) states that " Each chancery and circuit clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a clerk's spouse or children."

During our audit, we noted that the Circuit Clerk's Annual Financial Report and supporting documentation were not retained by the County. Therefore, we were unable to ascertain whether the Circuit Clerk complied with relevant state laws related to recording, settling and reporting amounts on the Circuit Clerk's Annual Financial Report to the County and the Public Employees Retirement System of Mississippi.

Failure to retain records could result in misstatement of funds, misallocation of funds and misstating retirement contributions due from the County and the Clerk to the Public Employees Retirement System.

Recommendation

The County should design and apply internal controls to ensure that all county records are retained.

Response

The Circuit Clerk will implement controls to make sure that all Circuit Clerk financial reports are on file with the county.

3. The Circuit Clerk should settle collections due to the county on a timely basis.

The Circuit Clerk should settle collections to the county on a monthly basis.

During our audit, we noted that for several months the Circuit Clerk did not settle amounts collected for the county until nine months after the funds were collected.

Failure to settle amounts timely could result in misstatement of funds and misappropriation of funds.

Recommendation

The Circuit Clerk should settle collections to the county on a monthly basis. The county should design and apply procedures to monitor timely settlements.

Response

The Circuit Clerk will implement controls to make sure that all funds are settled to the county each month.

Election Commissioners.

4. The County paid unauthorized per diems to Election Commissioners

Section 23-15-153(2), Miss. Code Ann. (1972) states that "the commissioners of election shall be entitled to receive a per diem in the amount of Eighty-four Dollars (\$ 84.00), to be paid from the county general fund, for every day or period of no less than five (5) hours accumulated over two (2) or more days actually employed in the performance of their duties."

During our audit, we noted that some Election Commissioner Per Diem Claim Forms did not list the dates worked in chronological order or listed duplicate dates. Therefore, the following exceptions were noted:

- Election Commissioner Dorothy Anderson was overpaid \$84.00 due to dates not being listed in chronological order.

Internal controls did not ensure that per diem payments to Election Commissioners complied with state law. Lack of internal controls over per diem payments to Election Commissioners as prescribed by state law could result in the loss funds.

Recommendation

The Election Commissioners should reimburse the County to correct the overpayment and the Election Commissioners should submit Per Diem Claim Forms that comply with state law.

Response

We concur with the finding and have reviewed reporting requirements for per diem claim forms to make sure they comply with state law.

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

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

Shoemaker and Company

SHOEMAKER & COMPANY, CPA PLLC
Clinton, Mississippi
August 2, 2019

CHOCTAW COUNTY

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CHOCTAW COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CHOCTAW COUNTY

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CHOCTAW COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2015

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	Unmodified
General Fund	Unmodified
Bond Repayment Fund	Unmodified
Bond Reserve Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

- | | |
|---|---------------|
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors

Material Noncompliance / Material Weakness

2015-001 The county should prepare year-end financial statements.

Management is responsible for the preparation of financial statements prepared in accordance with generally accepted accounting principles. This would include the preparation of financial statements after conversion entries to convert the financial statements to the accrual basis of accounting (GASB 34 conversion).

These financial statements were not prepared as of the beginning of audit field work. We assisted the client with conversion entries and prepared financial statements from the converted information. Management did review and take responsibility for the financial statements after they were prepared by the auditor.

Recommendation

We recommend that the county prepare year-end financial statements in accordance with generally accepted accounting principles and have them available prior to the commencement of audit field work.

Board of Supervisors' Response

We concur.