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Choctaw County, Mississippi
Audited Financial Statements
And Special Reports
For the Year Ended
September 30, 2016

Fortenberry & Ballard, PC
Certified Public Accountants

Choctaw County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Choctaw County, Mississippi, (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Choctaw Regional Medical Center which represents 92 percent, 87 percent, and 99 percent and Choctaw County Economic Development District, which represent 8 percent, 13 percent, and 1 percent, respectively, of the assets, net position, and revenues of the total component units. 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 Choctaw Regional Medical Center and Choctaw County Economic Development District, 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. However, the financial statements of Choctaw Regional Medical Center and Choctaw County Economic Development District, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

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Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Choctaw County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste and Component Units combining financial statements are 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 and Component Units combining financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the reports of other auditors, the Reconciliation of Operating Costs of Solid Waste and Component Units combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2023 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.

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC
July 3, 2023

Certified Public Accountants

FINANCIAL STATEMENTS

CHOCTAW COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and investments	\$ 9,368,932	897,777
Unemployment reserve account		36,931
Restricted cash - note agreement		951,418
Restricted cash - patient funds held by facility		81,664
Property tax receivable	7,520,933	
Patient accounts receivable (net of allowance for uncollectibles of \$2,763,920)		2,594,125
Accounts receivable (net of allowance for uncollectibles of \$525,072)	59,366	
Fines receivable (net of allowance for uncollectibles of \$1,042,734)	169,542	
Intergovernmental receivables	110,818	
Other receivables	81,526	575,872
Inventories of supplies and drugs		96,097
Prepaid expenses		71,488
Unamortized loan issue costs (net of accumulated amortization of \$9,180)		37,820
Capital assets:		
Land and construction in progress	674,170	228,990
Other capital assets, net	33,253,769	16,387,232
Total Assets	<u>51,239,056</u>	<u>21,959,414</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	2,560,256	
Deferred outflows related to pensions	1,364,422	
Total Deferred Outflows of Resources	<u>3,924,678</u>	<u>0</u>
LIABILITIES		
Claims payable	169,504	
Accounts payable		2,015,239
Amounts held in custody for others	12,721	
Accrued expenses and payroll withholdings		675,391
Intergovernmental payables	71,204	
Patient accounts receivable credit balances		210,503
Accrued interest payable	42,398	97,017
Unearned revenue	18,137	
Estimated third-party payor settlements		531,736
Patient funds held by facility restricted for use		81,664
Long-term liabilities		
Net pension liability	5,773,517	
Due within one year:		
Capital debt	1,372,562	415,000
Capitalized lease obligations, current maturities		100,623
Due in more than one year:		
Capital debt	14,726,130	4,185,000
Non-capital debt	47,161	
Capitalized lease obligations, net of current maturities		129,480
Total Liabilities	<u>22,233,334</u>	<u>8,441,653</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	15,342	
Property tax for future reporting period	7,520,933	
Total deferred inflows of resources	<u>7,536,275</u>	<u>0</u>
NET POSITION		
Net investment in capital assets	20,389,503	11,786,119
Restricted for:		
Expendable:		
General government	403,149	
Public safety	274,968	
Public works	2,755,452	
Health and welfare	465,832	
Debt service	1,857,057	951,418
Unrestricted	(751,836)	780,224
Total Net Position	<u>\$ 25,394,125</u>	<u>13,517,761</u>

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

CHOCTAW COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2016

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	\$ 4,666,473	130,960	2,045		(4,533,468)	
Public safety	1,655,835	172,591	154,868		(1,328,376)	
Public works	2,732,610	667,766	1,175,054	85,276	(804,514)	
Health and welfare	1,104,981		17,111		(1,087,870)	
Culture and recreation	82,649				(82,649)	
Conservation of natural resources	50,081				(50,081)	
Economic development and assistance	60,000		40,000		(20,000)	
Interest on long-term debt	758,549				(758,549)	
Pension expense	926,279				(926,279)	
Total Governmental Activities	<u>12,037,457</u>	<u>971,317</u>	<u>1,389,078</u>	<u>85,276</u>	<u>(9,591,786)</u>	
Component unit(s):						
Choctaw County Economic Development District	\$ 332,977	189,600				(143,377)
Choctaw County Medical Center	22,326,559	19,541,961		2,176,636		(607,962)
Total Component Units	<u>\$ 22,659,536</u>	<u>19,731,561</u>	<u>0</u>	<u>2,176,636</u>		<u>(751,339)</u>
General revenues:						
Property taxes				\$ 8,013,208		
Road & bridge privilege taxes				111,912		
Grants and contributions not restricted to specific programs				3,569,246		
Unrestricted interest income				9,878		3,692
Miscellaneous				773,454		
Total General Revenues				<u>12,477,698</u>		<u>3,692</u>
Changes in Net Position				<u>2,885,912</u>		<u>(747,647)</u>
Net Position - Beginning, as previously reported				24,220,036		14,051,005
Prior period adjustments				(1,711,823)		214,403
Net Position - Beginning, as restated				<u>22,508,213</u>		<u>14,265,408</u>
Net Position - Ending				<u>\$ 25,394,125</u>		<u>13,517,761</u>

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

CHOCTAW COUNTY, MISSISSIPPI

Balance Sheet - Governmental Funds

September 30, 2016

Exhibit 3

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Bond Repayment	Bond Reserve		
ASSETS					
Cash	\$ 3,591,357	34,956	115	3,884,273	7,510,701
Investments		7	1,858,224		1,858,231
Property tax receivable	4,635,653	1,360,359		1,524,921	7,520,933
Accounts receivable (net of allowance for uncollectibles of \$525,072)				59,366	59,366
Fines receivable (net of allowance for uncollectibles of \$1,042,734)	169,542				169,542
Intergovernmental receivables	61,805			49,013	110,818
Other receivables	27,387			54,139	81,526
Due from other funds		6,153		16,264	22,417
Total Assets	\$ <u>8,485,744</u>	<u>1,401,475</u>	<u>1,858,339</u>	<u>5,587,976</u>	<u>17,333,534</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 83,496			86,008	169,504
Intergovernmental payables	71,061			143	71,204
Due to other funds	22,417				22,417
Unearned revenue				18,137	18,137
Amounts held in custody for others	12,721				12,721
Total Liabilities	\$ <u>189,695</u>	<u>0</u>	<u>0</u>	<u>104,288</u>	<u>293,983</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	4,635,653	1,360,359		1,524,921	7,520,933
Unavailable revenue - accounts receivable				59,366	59,366
Unavailable revenue - fines	169,542				169,542
Total deferred inflows of resources	\$ <u>4,805,195</u>	<u>1,360,359</u>	<u>0</u>	<u>1,584,287</u>	<u>7,749,841</u>
Fund balances:					
Restricted for:					
General government				403,149	403,149
Public safety				274,968	274,968
Public works				2,755,452	2,755,452
Health and welfare				465,832	465,832
Debt service		41,116	1,858,339		1,899,455
Unassigned	3,490,854				3,490,854
Total Fund Balances	\$ <u>3,490,854</u>	<u>41,116</u>	<u>1,858,339</u>	<u>3,899,401</u>	<u>9,289,710</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>8,485,744</u>	<u>1,401,475</u>	<u>1,858,339</u>	<u>5,587,976</u>	<u>17,333,534</u>

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

CHOCTAW COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,289,710
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 \$61,685,296.	33,927,939
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	228,908
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(16,145,853)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(5,773,517)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(42,398)
Deferred amount on refunding	2,560,256
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred inflows of resources related to pensions	(15,342)
Deferred outflows of resources related to pensions	<u>1,364,422</u>
Total Net Position - Governmental Activities	\$ <u><u>25,394,125</u></u>

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

CHOCTAW COUNTY, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2016

	Major Funds			Other	Total
	General	Bond	Bond	Governmental	Governmental
	Fund	Repayment	Reserve	Funds	Funds
REVENUES					
Property taxes	\$ 4,882,698	1,468,115	7,291	1,655,104	8,013,208
Road and bridge privilege taxes				111,912	111,912
Licenses, commissions and other revenue	57,051			708,894	765,945
Fines and forfeitures	61,992				61,992
Intergovernmental revenues	3,248,109			1,795,491	5,043,600
Charges for services	19,028			85,026	104,054
Interest income	6,460		3,392	26	9,878
Miscellaneous revenues	740,961			20,645	761,606
Total Revenues	9,016,299	1,468,115	10,683	4,377,098	14,872,195
EXPENDITURES					
Current:					
General government	4,922,269			37,577	4,959,846
Public safety	1,273,780			390,929	1,664,709
Public works	8,594			2,646,791	2,655,385
Health and welfare	112,872			992,109	1,104,981
Culture and recreation	82,649				82,649
Conservation of natural resources	50,081				50,081
Economic development and assistance	20,000			40,000	60,000
Debt service:					
Principal	13,036	905,000		408,889	1,326,925
Interest	3,330	539,424		30,826	573,580
Total Expenditures	6,486,611	1,444,424	0	4,547,121	12,478,156
Excess of Revenues over (under) Expenditures	2,529,688	23,691	10,683	(170,023)	2,394,039
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				394,419	394,419
Proceeds from sale of capital assets	1,277			20,514	21,791
Transfers in	878,763		32,716	1,245,014	2,156,493
Transfers out	(1,277,730)			(878,763)	(2,156,493)
Total Other Financing Sources and Uses	(397,690)	0	32,716	781,184	416,210
Net Changes in Fund Balances	2,131,998	23,691	43,399	611,161	2,810,249
Fund Balances - Beginning, as previously reported	1,358,253	17,425	1,814,940	3,217,033	6,407,651
Prior period adjustments	603			71,207	71,810
Fund Balances - Beginning, as restated	1,358,856	17,425	1,814,940	3,288,240	6,479,461
Fund Balances - Ending	\$ 3,490,854	41,116	1,858,339	3,899,401	9,289,710

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

CHOCTAW COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016

Net Changes in Fund Balances - Governmental Funds	\$	2,810,249
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 \$872,384 exceeded capital outlays of \$789,578 in the current period.		(82,806)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$10,988 and the proceeds from the sale of \$21,791 in the current period.		(10,803)
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.		17,733
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.		21,593
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,326,925 exceeded debt proceeds of \$394,419.		932,506
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:		
Recording of pension expense for the current period		(926,279)
Recording of contributions made during the year		325,666
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:		
Amortization of deferred amount on refunding bonds		(196,943)
Amortization of bond premium		9,962
(Increase) / Decrease in accrued interest payable		2,012
(Increase) / Decrease in compensated absences		(16,978)
Change in Net Position of Governmental Activities	\$	<u>2,885,912</u>

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

CHOCTAW COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	18,816
Total Assets	\$	<u>18,816</u>
LIABILITIES		
Intergovernmental payables	\$	18,816
Total Liabilities	\$	<u>18,816</u>

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

Choctaw County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2016

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Choctaw County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require 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-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. They are reported in a separate column to emphasize that they are legally separate from the County. A majority of the members of the governing bodies of these component units are appointed by the County Board of Supervisors.

Choctaw County Economic Development District

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 fiscal 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.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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.

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 certain 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 of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus but use the accrual basis of accounting.

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

The County reports the following major Governmental Funds:

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

Bond Repayment Fund - This fund is used to account for the accumulation of resources for, and the payment of the general obligations bond of the County.

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND TYPES

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.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

F. Deposits and Investments.

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

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. 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 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.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

The following schedule details those thresholds and estimated useful lives:

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

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

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 refundings and advance refundings 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 13 for additional details.

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

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 – 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

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 13 for additional details.

L. Pensions.

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

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.

N. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

O. Property Tax Revenues:

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

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

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Compensated Absences.

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

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct error in prior years loan receivable	\$ (22,000)
To correct error in prior years claims payable	18,943
To correct error in prior years unearned revenue	74,867
To correct error in prior years long-term debt	(54,265)
To correct error in prior years capital assets	(1,811,156)
To correct error in prior years deferred amounts related to pensions	81,788
Total prior period adjustments	\$ <u>(1,711,823)</u>

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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

<u>Explanation</u>		<u>Amount</u>
To correct error in prior years loan receivable	\$	(22,000)
To correct error in prior years claims payable		18,943
To correct error in prior years unearned revenue		<u>74,867</u>
Total prior period adjustments	\$	<u>71,810</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$7,529,517, and the bank balance was \$8,014,143. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

Investments:

Investments balances at September 30, 2016, 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	\$	<u>1,858,231</u>	Not rated

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

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

Component Unit:

Choctaw County Medical Center and Choctaw County Economic Development District:

Each entity deposits funds in financial institutions selected by each selective 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 fully collateralized at September 30, 2016 and March 31, 2016, respectively.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Repayment Fund	General Fund	\$ 6,153
Other Governmental Funds	General Fund	<u>16,264</u>
Total		\$ <u><u>22,417</u></u>

The receivables represent the tax revenue collected in September 2016, but not settled until October 2016. All interfund balances are expected to be repaid within one year from the date of the financial statements.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 878,763
Bond Reserve Fund	General Fund	32,716
Other Governmental Funds	General Fund	<u>1,245,014</u>
Total		\$ <u>2,156,493</u>

The principal purpose of interfund transfers was to provide funds for county operations, to reimburse for expenditures, to pay off bonds and to close funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2016, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 50,117
Monthly state revenue obligations	57,101
Miscellaneous	<u>3,600</u>
Total Governmental Activities	\$ <u>110,818</u>

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
Non-depreciable capital assets:					
Land	\$ 86,303	77,660			163,963
Construction in progress	2,682,554	85,276		(2,257,623)	510,207
Total non-depreciable capital assets	2,768,857	162,936	-	(2,257,623)	674,170
Depreciable capital assets:					
Infrastructure	81,560,306			1,878,853	83,439,159
Buildings	3,380,270	147,340		(1,213,745)	2,313,865
Improvements other than buildings	1,095,358			(103,785)	991,573
Mobile equipment	6,349,080	442,922	106,344	(1,514)	6,684,144
Furniture and equipment	296,249	6,801	89,147	196,754	410,657
Leased property under capital leases	1,260,977	29,579		(190,889)	1,099,667
Total depreciable capital assets	93,942,240	626,642	195,491	565,674	94,939,065
Less accumulated depreciated for:					
Infrastructure	53,997,346	271,743		64,799	54,333,888
Buildings	986,654	56,221		(239,661)	803,214
Improvements other than buildings	330,600	101,649		254,698	686,947
Mobile equipment	4,803,649	268,426	96,401	(89,205)	4,886,469
Furniture and equipment	412,555	28,847	88,287	7,833	360,948
Leased property under capital leases	347,589	145,498		120,743	613,830
Total accumulated depreciation	60,878,393	872,384	184,688	119,207	61,685,296
Total depreciable capital assets, net	33,063,847	(245,742)	10,803	446,467	33,253,769
Governmental activities capital assets, net	\$ 35,832,704	(82,806)	10,803	(1,811,156)	33,927,939

*Adjustments are to correct prior period errors, transfer completed construction in progress to bridges and transfer of paid out capital leases to their proper classification.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 59,329
Public safety	175,471
Public works	637,584
Total governmental activities depreciation expense	\$ 872,384

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bridge STP-1619 (5)	\$ 330,000	03/2018

Component Units:

Choctaw County Economic Development District

The following is a summary of capital asset activity for the year ended March 31, 2016:

	<u>Balance Apr. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Mar. 31, 2016</u>
<u>Non-depreciable capital assets:</u>				
Land	\$ 223,360			223,360
Total non-depreciable capital assets	223,360	-	-	223,360
<u>Depreciable capital assets:</u>				
Buildings	1,415,635			1,415,635
Total depreciable capital assets	1,415,635	-	-	1,415,635
<u>Less accumulated depreciated for:</u>				
Buildings	258,338			258,338
Total accumulated depreciation	258,338	-	-	258,338
Total depreciable capital assets, net	1,157,297	-	-	1,157,297
Governmental activities capital assets, net	\$ 1,380,657	-	-	1,380,657

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

Choctaw County Medical Center

The following is a summary of capital asset activity for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Adjustments *	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>				
Construction in progress	\$ 13,047	256,688	(264,105)	5,630
Total non-depreciable capital assets	13,047	256,688	(264,105)	5,630
<u>Depreciable capital assets:</u>				
Land improvements	10,165	198,737	264,105	473,007
Buildings and improvements	15,603,933	291,927	15,530	15,911,390
Equipment under capital lease	168,335	158,488		326,823
Other equipment	2,303,314			2,303,314
Automobiles	160,532			160,532
Total depreciable capital assets	18,246,279	649,152	279,635	19,175,066
<u>Less accumulated depreciated for:</u>				
Land improvements	226	13,534		13,760
Buildings and improvements	2,250,721	405,622		2,656,343
Equipment under capital lease	14,404	33,667		48,071
Other equipment	635,800	460,977		1,096,777
Automobiles	125,780	4,400		130,180
Total accumulated depreciation	3,026,931	918,200	-	3,945,131
Total depreciable capital assets, net	15,219,348	(269,048)	279,635	15,229,935
Governmental activities capital assets, net	\$ 15,232,395	(12,360)	15,530	15,235,565

* adjustments are difference with prior period note disclosure in audit report to current component unit audit report beginning balance and completed construction in progress.

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. 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 terminated its risk management fund on January 1, 2016, and a commercial insurance company began providing employee health and accident coverage.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 789,882
Furniture and equipment	<u>309,785</u>
Total	1,099,667
Less: Accumulated depreciation	<u>613,830</u>
Leased Property Under Capital Leases	\$ <u><u>485,837</u></u>

The following is a schedule by years of the total payments due as of September 30, 2016:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 248,019	9,028
2018	130,893	4,577
2019	25,940	1,261
2020	6,128	221
2021	<u>3,119</u>	<u>22</u>
Total	\$ <u><u>414,099</u></u>	<u><u>15,109</u></u>

(9) 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

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Notes to Financial Statements
For the Year Ended September 30, 2016

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

Contributions. At September 30, 2016, 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, 2016 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, 2016, 2015 and 2014 were \$338,133, \$311,399, and \$278,064, 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, 2016, the County reported a liability of \$5,773,517 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was .032322 percent, which was based on a measurement date of June 30, 2016. This was an increase of .001072 from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

For the year ended September 30, 2016, the County recognized pension expense of \$926,279. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 142,254	
Net difference between projected and actual earnings on pension plan investments	668,212	
Changes of assumptions	263,149	15,342
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	214,376	
County contributions subsequent to the measurement date	76,431	
Total	\$ 1,364,422	15,342

\$76,431 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, 2017. 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:

2017	\$ 501,421
2018	434,742
2019	222,428
2020	114,058
	<u>1,272,649</u>

Actuarial Assumptions. The total pension liability in the June 30, 2016, 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, 2016, valuation was 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,

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 7,402,942	5,773,517	4,421,621

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at www.pers.ms.gov.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

(10) Long-term Debt.

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Taxable Refunding Bonds, Series 2013*	\$ 14,875,000	3.50/4.50%	04/2020
Total General Obligation Bonds	\$ 14,875,000		
B. Capital Leases:			
2013 Ford Interceptor Utility	\$ 8,721	5.50%	12/2017
EMA 2013 Ford F-250	12,021	2.27%	10/2018
Zetron Channel System	37,736	1.98%	05/2017
CAT Motor Grader 12M	15,675	1.98%	04/2017
Tractor and Bush Hog	20,813	2.17%	11/2017
Hospital Generator	93,190	2.17%	01/2018
CAT Motor Grader 12M	86,958	2.27%	10/2018
Caterpillar Motor Grader	97,120	2.27%	12/2018
2014 Ford XPO 4W White	15,088	2.27%	12/2018
2016 Ford F-250 Supercrew	26,777	2.39%	03/2021
Total Capital Leases	\$ 414,099		
C. Other Loans:			
CAP Loan - Fire Truck Ackerman	\$ 7,799	3.00%	05/2017
CAP Loan - Fire Truck ByWy	13,989	2.00%	12/2017
CAP Loan - Fire Truck Weir	25,734	2.00%	09/2018
CAP Loan - Fire Truck Union	150,568	3.00%	04/2024
Hospital Equipment	132,101	2.59%	09/2018
Mack Truck	54,419	1.89%	08/2020
2007 Mack Truck	53,929	1.89%	08/2020
2016 Dodge Ram	27,974	2.20%	04/2020
Equipment Loan	213,568	2.20%	06/2021
Total Other Loans	\$ 680,081		

*Original bond maturity date September 2029. Bond principal paid off early on April 1, 2020. Revised amortization schedule presented in annual debt service requirements to maturity for the general obligation bonds. Choctaw County saved \$2,884,425 in interest payments by paying these bonds off early with \$4,199,537 in interest remaining if bonds were paid off according to the original debt service schedule.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 930,000	505,775	194,543	10,263
2018	4,030,000	477,875	176,069	6,291
2019	4,605,000	248,506	101,932	3,558
2020	5,310,000	82,956	97,052	1,812
2021			55,424	465
2022 - 2026			55,061	132
Total	\$ 14,875,000	1,315,112	680,081	22,521

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, 2016, the amount of outstanding debt was equal to 5.35% 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, 2016, \$11,665,000 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, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 30,183	16,978			47,161	
General obligation bonds	15,780,000		905,000		14,875,000	930,000
Add:						
Premiums	139,474		9,962		129,512	
Capital leases	596,124	29,579	296,279	84,675	414,099	248,019
Other loans	471,297	364,840	125,646	(30,410)	680,081	194,543
Total	\$ 17,017,078	411,397	1,336,887	54,265	16,145,853	1,372,562

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 Funds.

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

Component Unit:

Choctaw County Medical Center:

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments*	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:						
Bank of Kilmichael Series 2014 Note	\$ 4,009,827	990,174	400,000	(1)	4,600,000	415,000
Capital lease obligations	157,695	158,488	86,080		230,103	100,623
Total	\$ 4,167,522	1,148,662	486,080	(1)	4,830,103	515,623

* adjustment is difference with prior period audit report amount to component unit audit report beginning balance amount

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

Year Ending September 30	Note Payable		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2017	\$ 415,000	229,152	100,623	13,871
2018	440,000	209,347	53,106	6,864
2019	460,000	187,347	44,365	3,811
2020	485,000	164,347	29,500	1,202
2021	505,000	140,097	2,509	42
2022-2026	2,295,000	294,641		
Total	\$ 4,600,000	1,224,931	230,103	25,790

(11) 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

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

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 Medicare 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 Mississippi Hospital Access Payments (MHAP), Upper Payment Limit Payments (UPL) and Disproportionate Share Hospital (DSH) – Under these programs, the facility receives enhanced reimbursement through a matching mechanism. During the fiscal year ending September 30, 2016, the Mississippi Division of Medicaid phased out the upper payment limit program as it relates to hospitals and replaced it with the Medicaid Mississippi hospital access program. The hospital received Medicaid Mississippi hospital access payments of \$194,921 for the year ended September 30, 2016. The Medicaid Mississippi hospital access program is a program whereby the hospital qualifies for Mississippi hospital access program funds in addition to regular funds. The Mississippi Division of Medicaid administers the program through the MississippiCAN coordinated care organizations, and the continuation of the program rests with the federal government.

The facility received Medicaid upper payment limit payments of \$575,872, and \$406,059, for the years ended September 30, 2016, and 2015, respectively. The Medicaid upper payment limit program was a program whereby the hospital qualified for upper payment limit funds in addition to regular funds. The facility received Medicaid Disproportionate Share Hospital payments of \$746,868, and \$469,325, for the years ended September 30, 2016, and 2015, respectively.

The composite of net patient service revenues at September 30, 2016, and 2015, follows:

	2016	2015
Gross patient service revenue	\$ 26,920,682	20,125,278
Provision for contractuals and other adjustments	(5,731,048)	(2,109,689)
Less provision for bad debts	(3,362,900)	(2,303,426)
Total	\$ 17,826,734	15,712,163

(12) Contingencies.

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

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

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$751,836) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$76,431 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$1,287,991 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years. The \$15,342 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of (\$751,836) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$2,560,256 of the \$3,924,678 balance of deferred outflows of resources at September 30, 2016, will be recognized as an expense and will decrease the unrestricted net position over the next 13 years.

(14) Joint Ventures.

The County participates in the following joint venture:

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 Authority. The joint venture was created to provide a regional disposal site for solid waste on behalf of the Solid Waste Management Authority. 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 fiscal year 2016. Complete financial statements for the Golden Triangle Regional Solid Waste Authority can be obtained from Golden Triangle Planning and Development District, P. O. Box 828, Starkville, Mississippi 39760-0828.

(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 provided \$421,774 for maintenance and support of the college in fiscal year 2016.

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 \$20,000 to the district in fiscal year 2016.

Tombigbee Regional Library System operates in a district composed of 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 \$72,100 to the system in fiscal year 2016.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Choctaw,

CHOCTAW COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2016

Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the nine board members. The County generally provides 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 \$24,000 for support of the agency in fiscal year 2016.

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) 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 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.

Subsequent to September 30, 2016, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/14/16	2.00%	\$ 26,813	lease purchase	ad valorem revenue
12/19/16	2.15%	100,000	lease purchase	ad valorem revenue
03/06/17	2.20%	48,928	lease purchase	ad valorem revenue
10/02/17	2.75%	308,258	lease purchase	ad valorem revenue
02/14/19	2.65%	130,000	lease purchase	ad valorem revenue
12/02/19	2.59%	327,207	lease purchase	ad valorem revenue
03/25/20	2.65%	33,130	lease purchase	ad valorem revenue
03/21/22	2.70%	43,969	lease purchase	ad valorem revenue
05/02/22	2.70%	47,290	lease purchase	ad valorem revenue
06/10/22	2.70%	22,500	lease purchase	ad valorem revenue
08/15/22	4.30%	225,000	lease purchase	ad valorem revenue
08/15/22	4.30%	225,000	lease purchase	ad valorem revenue

Hospital bonded debt was retired early on February 24, 2020.

COVID emergency declared March 16, 2020.

American Rescue Plan Act funding received by the county totaled \$1,594,696.

REQUIRED SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,111,477	4,899,212	4,899,212	0
Licenses, commissions and other revenue	45,370	62,378	62,378	0
Fines and forfeitures	44,000	65,652	65,652	0
Intergovernmental revenues	304,744	280,269	280,269	0
Charges for services	20,000	19,140	19,140	0
Interest income	2,600	6,461	6,461	0
Miscellaneous revenues	3,782,320	3,700,418	3,700,418	0
Total Revenues	<u>9,310,511</u>	<u>9,033,530</u>	<u>9,033,530</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	5,317,411	4,453,633	4,453,633	0
Public safety	1,234,120	1,250,260	1,250,260	0
Public works	8,220	9,404	9,404	0
Health and welfare	119,196	119,560	119,560	0
Culture and recreation	85,100	90,173	90,173	0
Conservation of natural resources	52,148	49,883	49,883	0
Economic development and assistance	20,000	20,000	20,000	0
Debt service:				
Principal	6,744	6,526	6,526	0
Interest	1,210	2,956	2,956	0
Total Expenditures	<u>6,844,149</u>	<u>6,002,395</u>	<u>6,002,395</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>2,466,362</u>	<u>3,031,135</u>	<u>3,031,135</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	2,351,842	2,470,033	2,470,033	0
Other financing uses	(3,883,795)	(2,867,724)	(2,867,724)	0
Total Other Financing Sources and Uses	<u>(1,531,953)</u>	<u>(397,691)</u>	<u>(397,691)</u>	<u>0</u>
Net Change in Fund Balance	934,409	2,633,444	2,633,444	0
Fund Balances - Beginning	<u>2,065,146</u>	<u>1,573,445</u>	<u>1,573,445</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,999,555</u>	<u>4,206,889</u>	<u>4,206,889</u>	<u>0</u>

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

CHOCTAW COUNTY, MISSISSIPPI

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

Last 10 Fiscal Years*

For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset)	\$ 5,773,517	4,830,634	3,574,205
County's proportion of the net pension liability (asset)	0.032322%	0.031250%	0.029446%
County's covered payroll	\$ 2,067,721	1,977,137	1,765,486
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.22%	244.32%	202.45%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

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

The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to 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 was available.

CHOCTAW COUNTY, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 338,133	311,399	278,064
Contributions in relation to the contractually required contribution	<u>338,133</u>	<u>311,399</u>	<u>278,064</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 2,146,876	1,977,137	1,765,486
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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 was available.

CHOCTAW COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information
For the Year Ended September 30, 2016

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

		<u>Governmental Fund Types</u>
		General
		<u>Fund</u>
Budget (Cash Basis)	\$	2,633,444
Increase (Decrease)		
Net adjustments for revenue accruals		(17,230)
Net adjustments for expenditure accruals		<u>(484,216)</u>
GAAP Basis	\$	<u><u>2,131,998</u></u>

CHOCTAW COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information
For the Year Ended September 30, 2016

Pension Schedules

A. Change in Benefit Provisions.

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

B. Change in Assumptions.

2015

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

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

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

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

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

2016

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

C. Methods and Assumptions Used in Calculations of Actuarially Determined Contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5-year smoothed market
Price Inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY, MISSISSIPPI
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2016

Operating Expenditures, Cash Basis:

Salaries	\$	247,416
Expendable Commodities:		
Gasoline and petroleum products		53,785
Repairs		64,782
Rentals		1,115
Pickup and disposal fees		140,288
Utilities		6,608
Legal and professional fees		2,406
Postage		7,306
Supplies		<u>15,555</u>
Solid Waste Cash Basis Operating Expenditures		539,261
Full Cost Expenses:		
Indirect administrative costs		15,252
Net effect of other accrued expenses		<u>4,559</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>559,072</u></u>

Choctaw County, Mississippi**Component Units - Combining Statement of Net Position**

September 30, 2016 and March 31, 2016

	Choctaw Regional Medical System	Choctaw County Economic Development District	Total
Assets			
Cash	\$ 531,822	\$ 365,955	\$ 897,777
Restricted Cash - patient funds held by facility	\$ 81,664		81,664
Patient accounts receivable, net of estimated uncollectibles and allowances of \$2,763,920	2,594,125		2,594,125
Other current receivables	575,872		575,872
Inventories of supplies and drugs	96,097		96,097
Prepaid expenses	71,488		71,488
Capital assets:			
Land and construction-in-progress	5,630	223,360	228,990
Buildings, net of accumulated depreciation of \$258,338		1,157,297	1,157,297
Property and equipment, net of depreciation and amortization of \$3,945,131	15,229,935		15,229,935
Other assets:			
Cash - restricted under note agreement	951,418		951,418
Unemployment reserve account	36,931		36,931
Unamortized loan issue costs, net of accumulated amortization of \$9,180	37,820		37,820
Total Assets	<u>20,212,802</u>	<u>1,746,612</u>	<u>21,959,414</u>
Liabilities			
Accounts payable	2,015,239		2,015,239
Patient accounts receivable credit balances	210,503		210,503
Accrued expenses and payroll withholdings	673,450	1,941	675,391
Accrued interest payable	97,017		97,017
Estimated third-party payor settlements	531,736		531,736
Current maturities of capitalized lease obligations	100,623		100,623
Patient funds held by facility restricted for use	81,664		81,664
Long-term liabilities			
Due within one year:			
Current portion of note payable	415,000		415,000
Due in more than one year:			
Note payment, net of current maturities	4,185,000		4,185,000
Capitalized lease obligations, net of current maturities	129,480		129,480
Total Liabilities	<u>8,439,712</u>	<u>1,941</u>	<u>8,441,653</u>
Net Position			
Net investment in capital assets	10,405,462	1,380,657	11,786,119
Restricted for:			
Per note agreement	951,418		951,418
Unrestricted	416,210	364,014	780,224
Total Net Position	<u>\$ 11,773,090</u>	<u>\$ 1,744,671</u>	<u>\$ 13,517,761</u>

Choctaw County, Mississippi
Component Units - Combining Statement of
Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2016 and March 31, 2016

	Choctaw Regional Medical System	Choctaw County Economic Development District	Total
Operating Revenues			
Net patient service revenue, net of provision for uncollectible accounts of \$3,362,900	\$ 17,826,734	\$	\$ 17,826,734
Electronic health records initiative	1,512,769		1,512,769
Fly ash sales		180,000	180,000
Ecoplex		9,600	9,600
Other revenues	202,458		202,458
Total Operating Revenues	<u>19,541,961</u>	<u>189,600</u>	<u>19,731,561</u>
Operating Expenses			
Salaries and benefits	13,538,055		13,538,055
Salaries		74,986	74,986
Payroll taxes and benefits		20,300	20,300
Supplies and drugs	1,980,273		1,980,273
Accounting and audit		4,795	4,795
Contributions		95,000	95,000
Ecoplex		20,267	20,267
Depreciation and amortization	922,606		922,606
Insurance	223,554	2,147	225,701
Other expenses	5,402,285	35,482	5,437,767
Regional economic partnership		80,000	80,000
Total Operating Expenses	<u>22,066,773</u>	<u>332,977</u>	<u>22,399,750</u>
Operating Income (Loss)	<u>(2,524,812)</u>	<u>(143,377)</u>	<u>(2,668,189)</u>
Non-Operating Revenues (Expenses)			
Grant income	1,479,795		1,479,795
Capital contributions	696,841		696,841
Interest income (expense)	(258,019)	1,925	(256,094)
Total Non-Operating Revenues (Expenses)	<u>1,918,617</u>	<u>1,925</u>	<u>1,920,542</u>
Change in Net Position	<u>(606,195)</u>	<u>(141,452)</u>	<u>(747,647)</u>
Net Position - Beginning, as previously reported	12,164,882	1,886,123	14,051,005
Prior period adjustment	214,403		214,403
Net Position - Beginning, as restated	<u>12,379,285</u>	<u>1,886,123</u>	<u>14,265,408</u>
Net Position - Ending	<u>\$ 11,773,090</u>	<u>\$ 1,744,671</u>	<u>\$ 13,517,761</u>

OTHER INFORMATION

CHOCTAW COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

Name	Position	Company	Bond
Archie Collins	Supervisor District 1	Travelers	\$ 100,000
Joey Stephenson	Supervisor District 1	Travelers	\$ 100,000
Larry McClain	Supervisor District 2	Travelers	\$ 100,000
Greg Fondren	Supervisor District 2	Travelers	\$ 100,000
Chris McIntire	Supervisor District 3	Travelers	\$ 100,000
David Carter	Supervisor District 4	Travelers	\$ 100,000
John Shumaker	Supervisor District 4	Travelers	\$ 100,000
Eric Chambers	Supervisor District 5	Travelers	\$ 100,000
Steve Montgomery	Chancery Clerk	Travelers	\$ 100,000
Steve Montgomery	Purchase Clerk	Travelers	\$ 75,000
Brent McKnight	Receiving Clerk	Travelers	\$ 75,000
Billie M. Pyron	Inventory Control Clerk	Travelers	\$ 75,000
Chris Coleman	Constable	Travelers	\$ 50,000
Thomas Rayburn	Constable	Travelers	\$ 50,000
Peggy Miller	Circuit Clerk	Travelers	\$ 100,000
Amy Burdine	Circuit Clerk	Travelers	\$ 100,000
Cloyd Halferd	Sheriff	Travelers	\$ 100,000
Barry J. Miller	Deputy Sheriff	Western Surety	\$ 50,000
Brad Vaughn	Deputy Sheriff	Travelers	\$ 50,000
Dennis Britt	Deputy Sheriff	Western Surety	\$ 50,000
Tim Cutts	Deputy Sheriff	Western Surety	\$ 50,000
Guyton Montgomery	Deputy Sheriff	Western Surety	\$ 50,000
Izaac Johnson	Deputy Sheriff	Western Surety	\$ 50,000
John O'Kelly	Deputy Sheriff	Western Surety	\$ 50,000
Bryan A. Pyron	Deputy Sheriff	Western Surety	\$ 50,000
Glenn Sheedy	Deputy Sheriff	Western Surety	\$ 50,000
Brandon Busby	Deputy Sheriff	Western Surety	\$ 50,000
Marcus Rodriguez	Deputy Sheriff	Travelers	\$ 50,000
Keith Coleman	Deputy Sheriff	Travelers	\$ 50,000
Lee A. Upchurch	Deputy Sheriff	Western Surety	\$ 50,000
Michael Ming	Deputy Sheriff	Western Surety	\$ 50,000
Melinda Newlin	Deputy Sheriff	Western Surety	\$ 50,000
Willie Miller	Deputy Sheriff	Western Surety	\$ 50,000
Jan Hutchinson	Justice Court Judge	Travelers	\$ 50,000
Sharon Dendy	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
Lori Power Kerr	Tax Assessor-Collector	Travelers	\$ 100,000
Diane Pyron	Deputy Tax Collector	Travelers	\$ 50,000
Lisa Algood	Deputy Tax Collector	Travelers	\$ 50,000
Tanya Miller	Deputy Tax Collector	Travelers	\$ 50,000
Joseph Long	Deputy Tax Assessor	Travelers	\$ 10,000

Sheriff Deputies hired under Section 45-5-9, Miss. Code Ann. (1972).

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Choctaw County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Choctaw County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 3, 2023.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2016-001 that we consider to be significant deficiencies.

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Compliance and Other Matters

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

We also noted certain matters which we have reported to the management of Choctaw County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 3, 2023, included within this document.

Choctaw County's Responses to Findings

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry and Ballard, PC
July 3, 2023

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. 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 such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of 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 current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Choctaw County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry and Ballard, PC
July 3, 2023

Certified Public Accountants

CHOCTAW COUNTY, MISSISSIPPI

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2016

Schedule 1

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

CHOCTAW COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Our tests did not identify any emergency purchases.

CHOCTAW COUNTY, MISSISSIPPI

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2016

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, 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 July 3, 2023, on the financial statements of Choctaw County, Mississippi.

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

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

Circuit Clerk.

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

Repeat Finding	Yes, Finding #3 (Circuit Clerk)
Criteria	Proper accounting of funds received is to settle collections to the appropriate parties by the 20 th of the subsequent month.
Condition	The former Circuit Clerk did not settle amounts for periods of time greater than one month on collections received. Only three months had collections settled with each of these months being after the Clerk left office.
Cause	Inaction

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Effect	Failure to settle amounts timely could result in misstatement and/or misappropriation of funds.
Recommendation	The Circuit Clerk should settle collections to the county on a timely basis. The county should design and apply procedures to monitor and ensure timely settlements.
Views of Responsible Official(s)	As current Circuit Clerk, I settle funds monthly to the appropriate entities.
Justice Court Clerk	
2.	<u>The Justice Court Clerk should generate aged fines receivable listings for proper accounting of amounts owed to courts by individuals.</u>
Repeat Finding	No
Criteria	Proper accounting of fines receivable requires the Justice Court Clerk to provide a listing of fines owed to the courts annually. Also, the Justice Court Clerk is required annually at fiscal year-end to submit an Aging of Accounts Receivable Schedule to the Board for presentation in the minutes. This information is generated from accounting records kept at their office.
Condition	The Justice Court did not submit this information to the Board. Also, no accounting records were provided to the auditor to accurately determine fines receivable. The Circuit Clerk did provide an unsigned Aging of Accounts Receivable Schedule while the Justice Court Clerk provided a computerized version of said schedule. Both were unsigned.
Cause	The Justice Court Clerk was unable to generate records upon request. The provided records were inaccurate with an estimate performed to total fines receivable.
Effect	Failure to determine fines receivable could adversely affect the presentation of the audited financial statements. An estimate of fines receivable was performed showing a difference from prior year to current year.
Recommendation	The Justice Court Clerk should generate a report annually at year-end showing a listing of fines receivable by individual account and a summary of accounts by specified time periods. This information should be transferred to the Aging of Accounts Receivable Schedule at fiscal year-end for presentation to the Board of Supervisors.
Views of Responsible Official(s)	I currently generate fines receivable listings annually and provide the Board a report every October.

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.

FORTENBERRY & BALLARD, PC

Fortenberry and Ballard, PC
July 3, 2023

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

CHOCTAW COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2016

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 weakness(es) identified?	No
b. Significant deficiency(ies) identified?	Yes
3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency

The Justice Court Clerk should generate aged fines receivable listings for proper accounting of amounts owed to courts by individuals.

Repeat Finding No

Criteria Proper accounting of fines receivable requires the Justice Court Clerk to provide a listing of fines owed to the courts annually. Also, the Justice Court Clerk is required annually at fiscal year-end to submit an Aging of Accounts Receivable Schedule to the Board for presentation in the minutes. This information generated from accounting records is kept at their office.

Condition The Justice Court did not submit this information to the Board. Also, no accounting records were provided to the auditor to accurately determine fines receivable. The Circuit Clerk did provide an unsigned Aging of Accounts Receivable Schedule while the Justice Court Clerk provided a computerized version of said schedule. Both were unsigned.

Cause The Justice Court Clerk was unable to generate records upon request. The provided records were inaccurate with an estimate performed to total fines receivable.

Effect Failure to determine fines receivable could adversely affect the presentation of the audited financial statements. An estimate of fines receivable was performed showing a difference from prior year to current year.

CHOCTAW COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2016

Recommendation	The Justice Court Clerk should generate a report annually at year-end showing a listing of fines receivable by individual account and a summary of accounts by specified time periods. This information should be transferred to the Aging of Accounts Receivable Schedule at fiscal year-end for presentation to the Board of Supervisors.
Views of Responsible Official(s)	I currently generate fines receivable listings annually and provide the Board a report every October.