



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

**ATTALA COUNTY**  
**Audited Financial Statements**  
**For the Year Ended September 30, 2017**

**ATTALA COUNTY**  
**Contents**

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	2
<b>FINANCIAL STATEMENTS</b>	4
Government-wide Financial Statements	
Exhibit 1 – Statement of Net Position	5
Exhibit 2 – Statement of Activities	6
Governmental Funds Financial Statements	
Exhibit 3 – Balance Sheet - Governmental Funds	7
Exhibit 3-1 – Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Exhibit 4-1 – Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Fiduciary Funds Financial Statements	
Exhibit 5 – Statement of Fiduciary Assets and Liabilities	11
Notes to Financial Statements	12
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	32
Budgetary Comparison Schedule – General Fund	33
Budgetary Comparison Schedule – State Aid Road Fund	34
Schedule Of The County's Proportionate Share Of The Net Pension Liability	35
Schedule Of County Contributions	36
Notes to Required Supplementary Information	37
<b>OTHER INFORMATION</b>	40
Schedule of Surety Bonds for County Officials	41
<b>SPECIAL REPORTS</b>	42
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	43
Independent Accountants' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss Code Ann. (1972))	45
Limited Internal Control and Compliance Review Management Report	50
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	52

**ATTALA COUNTY**

**FINANCIAL SECTION**



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Anita L. Goodrum, CPA
William B. Staggers, CPA	Ricky D. Allen, CPA
Michael W. McCully, CPA	Jason D. Brooks, CPA
R. Steve Sinclair, CPA	Robert E. Cordle, Jr., CPA
Marsha L. McDonald, CPA	Perry C. Rackley, Jr., CPA
Wanda S. Holley, CPA	Jerry L. Gammel, CPA
Robin Y. McCormick, CPA/PFS	Michael C. Knox, CPA
J. Randy Scrivner, CPA	Clifford P. Stewart, CPA
Kimberly S. Caskey, CPA	Edward A. Maxwell, CPA
Susan M. Lummus, CPA	

## **INDEPENDENT AUDITORS' REPORT**

Members of the Board of Supervisors  
Attala County, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to financial statements, which collectively comprise the County's basic financial statements as listed in the 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.

#### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Omission of Required Supplementary Information***

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

### ***Supplementary and Other Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023 on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Attala County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Attala County, Mississippi's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi

January 6, 2023

*Watkins Ward and Stafford, PUC*

**ATTALA COUNTY**

**FINANCIAL STATEMENTS**

**ATTALA COUNTY**  
**Statement of Net Position**  
**September 30, 2017**

**Exhibit 1**

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS:	
Cash	\$ 12,732,467
Investments	1,000,000
Accrued interest receivable	1,589
Property tax receivable	5,989,032
Accounts receivable (net of allowance for uncollectibles of \$17,834,956)	49,612
Fines receivable (net of allowance for uncollectibles of \$922,754)	145,010
Capital leases receivable	9,375,325
Intergovernmental receivables	195,140
Other receivables	206,032
Inventories and prepaid items	241,794
Restricted assets	2,399,513
Capital assets:	
Land and construction in progress	1,876,090
Other capital assets, net	20,605,411
Total Assets	<u>54,817,015</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	554,293
Total Deferred Outflows of Resources	<u>554,293</u>
LIABILITIES:	
Claims payable	462,026
Intergovernmental payables	293,534
Accrued interest payable	200,932
Amounts held in custody for others	128,068
Long-term liabilities:	
Due within one year:	
Capital debt	503,466
Non-capital debt	179,266
Due in more than one year:	
Capital debt	6,060,638
Non-capital debt	4,502,519
Net pension liability	8,142,970
Total Liabilities	<u>20,473,419</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions	281,187
Deferred revenues - property taxes	5,989,032
Deferred revenues - capital lease receivable	3,481,494
Total Deferred Inflows of Resources	<u>9,751,713</u>
NET POSITION:	
Net investment in capital assets	15,917,397
Restricted for:	
Expendable:	
General government	95,203
Public safety	417,623
Public works	5,140,193
Health and welfare	9,751,205
Unemployment compensation	49,136
Debt service	284,710
Unrestricted	(6,509,291)
Total Net Position	<u>\$ 25,146,176</u>

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



**ATTALA COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2017**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and Changes
		Services	Grants and	Grants and	in Net Position
			Contributions	Contributions	Primary Government
					Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 3,263,215	461,865	33,537	-	(2,767,813)
Public safety	2,304,012	236,795	75,230	-	(1,991,987)
Public works	3,055,007	5,953	748,549	1,108,127	(1,192,378)
Health and welfare	335,212	-	-	-	(335,212)
Culture and recreation	115,391	-	-	-	(115,391)
Conservation of natural resources	121,546	-	-	-	(121,546)
Economic development and assistance	157,030	-	-	-	(157,030)
Interest on long-term debt	551,934	-	-	-	(551,934)
Pension expense	1,059,421	-	-	-	(1,059,421)
Total Governmental Activities	\$ 10,962,768	704,613	857,316	1,108,127	(8,292,712)
General revenues:					
Property taxes				\$	7,281,126
Road & bridge privilege taxes					240,827
Grants and contributions not restricted to specific programs					364,835
In lieu taxes - Texas Gas					342,883
Unrestricted interest income					348,513
Unrestricted gifts and donations					8,500
Miscellaneous					885,290
Total General Revenues					9,471,974
Changes in Net Position					1,179,262
Net Position - Beginning, as previously reported					24,035,895
Prior period adjustment					(68,981)
Net Position - Beginning, as restated					23,966,914
Net Position - Ending					\$ 25,146,176

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

**ATTALA COUNTY**  
**Balance Sheet - Governmental Funds**  
**September 30, 2017**

**Exhibit 3**

	<u>Major Funds</u>				
	<u>General Fund</u>	<u>Montfort Jones Memorial Hospital Lease Fund</u>	<u>State Aid Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash	\$ 5,897,223	734,402	18,158	6,082,684	12,732,467
Investments	500,000	-	-	500,000	1,000,000
Restricted assets - Investments	-	497,417	-	1,902,096	2,399,513
Accrued interest receivable	794	-	-	795	1,589
Property tax receivable	4,214,226	-	-	1,774,806	5,989,032
Accounts receivable (net of allowance for uncollectibles of \$17,834,956)	-	49,612	-	-	49,612
Fines receivable (net of allowance for uncollectibles of \$922,754)	145,010	-	-	-	145,010
Capital lease receivables	-	9,375,325	-	-	9,375,325
Intergovernmental receivables	115,110	-	-	80,031	195,141
Other receivables	56,255	119,825	-	29,953	206,033
Due from other funds	-	-	-	44,653	44,653
Inventories and prepaid items	-	241,794	-	-	241,794
Total Assets	<u>\$ 10,928,618</u>	<u>11,018,375</u>	<u>18,158</u>	<u>10,415,018</u>	<u>32,380,169</u>
<b>LIABILITIES:</b>					
Claims payable	\$ 205,779	-	18,158	238,091	462,028
Intergovernmental payables	293,534	-	-	-	293,534
Due to other funds	44,653	-	-	-	44,653
Amounts held in custody for others	128,068	-	-	-	128,068
Total Liabilities	<u>\$ 672,034</u>	<u>-</u>	<u>18,158</u>	<u>238,091</u>	<u>928,283</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	4,214,226	-	-	1,774,806	5,989,032
Unavailable revenue - accounts receivable	-	49,612	-	-	49,612
Unavailable revenue - capital lease receivable	-	9,375,325	-	-	9,375,325
Unavailable revenue - fines receivable	145,010	-	-	-	145,010
Total Deferred Inflows of Resources	<u>\$ 4,359,236</u>	<u>9,424,937</u>	<u>-</u>	<u>1,774,806</u>	<u>15,558,979</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory	-	241,794	-	-	241,794
Restricted for:					
General government	-	-	-	95,203	95,203
Public safety	-	-	-	417,623	417,623
Public works	-	-	-	5,140,193	5,140,193
Health and welfare	-	1,351,644	-	2,214,324	3,565,968
Unemployment Compensation	-	-	-	49,136	49,136
Debt service	-	-	-	485,642	485,642
Unassigned	5,897,348	-	-	-	5,897,348
Total Fund Balances	<u>\$ 5,897,348</u>	<u>1,593,438</u>	<u>-</u>	<u>8,402,121</u>	<u>15,892,907</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,928,618</u>	<u>11,018,375</u>	<u>18,158</u>	<u>10,415,018</u>	<u>32,380,169</u>

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

**ATTALA COUNTY****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position****September 30, 2017****Exhibit 3-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 15,892,907
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$15,092,769.	22,481,501
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	145,010
Accounts receivable	49,612
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,245,889)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,142,970)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(200,932)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	5,893,831
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	554,293
Deferred inflows of resources related to pensions	<u>(281,187)</u>
Total Net Position - Governmental Activities	\$ <u><u>25,146,176</u></u>

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

## ATTALA COUNTY

**Exhibit 4****Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2017**

	Major Funds				
	General Fund	Montfort Jones Memorial Hospital Lease Fund	State Aid Road Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 5,110,925	-	-	2,170,201	7,281,126
In lieu taxes - Texas Gas	-	-	-	342,883	342,883
Road and bridge privilege taxes	-	-	-	240,827	240,827
Licenses, commissions and other revenue	286,791	-	-	4,999	291,790
Fines and forfeitures	215,247	-	-	3,403	218,650
Intergovernmental revenues	400,083	-	1,215,736	849,540	2,465,359
Charges for services	12,895	95,764	-	176,738	285,397
Interest income	21,328	304,393	-	22,791	348,512
Miscellaneous revenues	494,206	56,029	-	242,168	792,403
Total Revenues	6,541,475	456,186	1,215,736	4,053,550	12,266,947
EXPENDITURES:					
Current:					
General government	3,157,114	-	-	292,030	3,449,144
Public safety	2,217,918	-	-	232,497	2,450,415
Public works	143,376	-	1,215,736	2,801,722	4,160,834
Health and welfare	209,133	88,016	-	-	297,149
Culture and recreation	100,419	-	-	-	100,419
Conservation of natural resources	121,546	-	-	-	121,546
Economic development and assistance	117,026	-	-	12,182	129,208
Debt service:					
Principal	-	190,000	-	456,071	646,071
Interest	-	302,894	-	243,172	546,066
Bond issue costs	-	-	-	3,740	3,740
Total Expenditures	6,066,532	580,910	1,215,736	4,041,414	11,904,592
Excess of Revenues over (under) Expenditures	474,943	(124,724)	-	12,136	362,355
OTHER FINANCING SOURCES (USES):					
Long-term capital debt issued	-	-	-	311,918	311,918
Proceeds from sale of capital assets	-	-	-	5,475	5,475
Lease principal payments	-	190,000	-	-	190,000
Compensation for loss of capital assets	-	-	-	1,445	1,445
Transfers in	-	-	-	11,343	11,343
Transfers out	(11,343)	-	-	-	(11,343)
Total Other Financing Sources and Uses	(11,343)	190,000	-	330,181	508,838
Net Changes in Fund Balances	463,600	65,276	-	342,317	871,193
Fund Balances - Beginning	5,433,748	1,528,162	-	8,059,804	15,021,714
Fund Balances - Ending	\$ 5,897,348	1,593,438	-	8,402,121	15,892,907

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

**ATTALA COUNTY**  
**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, 2017**

**Exhibit 4-1**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 871,193
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,838,488 exceeded depreciation of \$971,227 in the current period.	867,261
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$6,014 in the current period.	(6,014)
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.	(30,601)
Patient account revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(95,764)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$311,918, exceeded the debt repayments of \$646,071.	334,153
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in accrued interest payable	5,653
Amortization of bond discount	(5,406)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the following items:	
The principal collections on the capital leases	(190,000)
The decrease in capital lease receivable attributable to interest amortization	(2,376)
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	(1,059,421)
Recording of contributions made during the year	490,584
Change in Net Position of Governmental Activities	\$ <u><u>1,179,262</u></u>

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

**ATTALA COUNTY**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2017**

**Exhibit 5**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 70,915
Intergovernmental receivables	<u>2,093</u>
Total Assets	<u><u>\$ 73,008</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>73,008</u>
Total Liabilities	<u><u>\$ 73,008</u></u>

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

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Attala County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Attala County to present these financial statements on the primary government and its component unit which 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

Blended Component Units

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

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

C. Basis of Presentation.

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

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

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



**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

State Aid Road Fund – This fund is used to account for financial resources from specific resources that are restricted for maintenance of roads under the state aid road program.

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

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

**FIDUCIARY FUND TYPE**

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

**E. Account Classifications.**

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

**F. Deposits and Investments.**

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

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

**G. Receivables.**

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

**H. Interfund Transactions and Balances.**

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

**I. Inventories and Prepaid Items.**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition. However the county has a prepaid asset for amounts deposited with the Healthcare Providers Insurance Company in the amount of \$216,125 and another prepaid asset for amount deposited with the Healthcare Employers Resources Exchange in the amount of \$25,669.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

**J. Restricted Assets.**

Certain assets in the Hospital Bond Proceeds Fund are required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications. These have been reported as restricted assets. The county has set aside \$1,902,096 of general obligations bond proceeds for payments of expenditures incurred by Montfort Jones Memorial Hospital, and for the retirement of the general obligation bonds issued in June 2015.

Certain assets in the Montfort Jones Memorial Hospital Lease Fund are required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications. These have been reported as restricted assets. The county has set aside \$497,417 of funds for payments of expenditures incurred by Montfort Jones Memorial Hospital, and for the retirement of the general obligation bonds issued in May 2011.

When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

**K. Capital Assets.**

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Attala County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

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

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

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

**L. Deferred Outflows/Inflows of Resources:**

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

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

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

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

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

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

Deferred revenues – capital lease receivable – This amount represents the total principal and interest to be received over the life of the County's capital lease agreement. See Note 9 for additional details.

Unavailable revenue – accounts receivable – This amount represents net patient receivables from Montfort Jones Memorial Hospital that reverted to the county when the hospital had to be reported as a blended component unit on the County's financial statements.

**M. Pensions**

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

**N. Long-term Liabilities.**

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

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources 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.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

**P. Property Tax Revenues:**

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

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

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

**Q. Intergovernmental Revenues in Governmental Funds.**

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

**R. Compensated Absences.**

The County has adopted a policy of compensation for accumulated unpaid employee benefits; however, adequate records are not maintained for determining the amount of the liability. Therefore, no liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

**S. Changes in Accounting Standards.**

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

**(2) Prior Period Adjustment.**

A summary of the significant net position adjustment is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year depreciation error (See Note 6)	\$ (68,981)
Total prior period adjustment	<u>\$ (68,981)</u>

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$13,803,382, (\$13,732,467 in governmental activities of which \$1,000,000 is reported as investments and \$70,915 in fiduciary activities) and the bank balance was \$14,041,925. 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). As of September 30, 2017, \$734,402 of the county's bank balance of \$14,041,925 was exposed to custodial credit risk.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the \$5,000,000 Taxable Obligations Bond Series 2015 Montfort Jones Memorial Hospital and the \$6,500,000 Special Obligation Bond Series 2011 Montfort Jones Memorial Hospital. Only the Federal Prime Obligation Fund listed in the table below relate to the trust indenture mentioned in this paragraph. In additions to these funds the County has invested in a certificate of deposit with the Citizens Bank in the amount of \$1,000,000.

Investments balances at September 30, 2017, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Federal Prime Obligation Fund	Less than one year	\$ 2,399,513	AAAm
The Citizens Bank - CD	Less than one year	1,000,000	AAAm
Total		<u>\$ 3,399,513</u>	

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

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

**Custodial Credit Risk - Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. Of the County's investments, \$2,399,513 of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in certificates of deposit. These investments are 29.4% of the County's total investments and are reported in the General Fund, the County Road Maintenance Funds and the County Bridge and Culvert Maintenance Funds.

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Percentage of total investments</u>
Certificates of Deposit	General Fund	\$ 500,000	14.7%
Certificates of Deposit	Other Governmental Funds	500,000	14.7%
Total		<u>\$ 1,000,000</u>	

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 44,653
Toal		<u>\$ 44,653</u>

The receivable represents the tax revenue collected September 2017, but not settled until October 2017. The interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 11,343
Toal		<u>\$ 11,343</u>

The purpose of interfund transfer was to provide operating funds to the Industrial Park fund from the General Fund.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2017, consisted of the following:

Description	Amount
Legislative tax credit	\$ 101,885
Motor vehicle fuel tax	61,642
Privilege Tax	16,440
Housing Inmates	2,855
Timber Severance	2,414
Youth Grant	765
Heavy Truck Tags	2,639
Miscellaneous	6,501
Total Intergovernmental receivables	<u>\$ 195,141</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	(Deletions)	Adjustments *	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 832,540	-	-	-	832,540
Construction in progress	1,448,576	1,108,127	-	(1,513,153)	1,043,550
Total Non-depreciable capital assets	<u>2,281,116</u>	<u>1,108,127</u>	<u>-</u>	<u>(1,513,153)</u>	<u>1,876,090</u>
<u>Depreciable capital assets:</u>					
Infrastructure	16,984,477	-	-	1,513,153	18,497,630
Buildings	7,826,896	-	-	-	7,826,896
Mobile equipment	7,803,698	304,102	(60,148)	74,167	8,121,819
Furniture and equipment	367,076	36,505	-	-	403,581
Leased property under capital leases	532,667	389,754	-	(74,167)	848,254
Total depreciable capital assets	<u>33,514,814</u>	<u>730,361</u>	<u>(60,148)</u>	<u>1,513,153</u>	<u>35,698,180</u>
<u>Less accumulated depreciated for:</u>					
Infrastructure	3,603,510	412,291	-	-	4,015,801
Buildings	3,974,145	110,466	-	-	4,084,611
Mobile equipment	6,080,228	351,459	(54,134)	95,681	6,473,234
Furniture and equipment	298,317	20,668	-	-	318,985
Leased property under capital leases	150,495	76,343	-	(26,700)	200,138
Total accumulated depreciation	<u>14,106,695</u>	<u>971,227</u>	<u>(54,134)</u>	<u>68,981</u>	<u>15,092,769</u>
Depreciable capital assets, net	<u>19,408,119</u>	<u>(240,866)</u>	<u>(6,014)</u>	<u>1,444,172</u>	<u>20,605,411</u>
Governmental activities capital assets, net	<u>\$ 21,689,235</u>	<u>867,261</u>	<u>(6,014)</u>	<u>(68,981)</u>	<u>22,481,501</u>

\*Adjustments are to reclassify paid off capital lease equipment to mobile equipment, to reclassify construction in progress completed to Infrastructure and to record a prior period adjustment correcting depreciation.



**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

Depreciation expense was charged to the following functions:

<b>Governmental Activities:</b>	<u>Amount</u>
General government	\$ 36,892
Public safety	78,009
Public works	767,052
Health and Welfare	38,064
Culture and Recreation	19,428
Economic Development	31,782
Total governmental activities depreciation expense	<u>\$ 971,227</u>

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
State Aid Road - SAP-04(59) Bridge Replacement	116,128	January 2019

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Operating Leases

As Lessor:

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$571,458 for the year ended September 30, 2017.

Louisiana Extended Care Centers, Inc.

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

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

Ability Works, Inc.

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

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

Year Ending September 30	Louisiana Extended Care	Ability Works	Total
2018	550,320	4,000	554,320
2019	137,580	-	137,580
Total Minimum Payments Required	<u>687,900</u>	<u>4,000</u>	<u>691,900</u>

(9) Capital Leases.

As Lessor:

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

The County leases the following property as part of the capital lease with BMC-Attala, LLC (described above) as of September 30, 2017.

Classes of Property	Amount
Buildings	\$ 9,074,959
Land	12,767
Total	<u>\$ 9,087,726</u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2017, are as follows:

Year Ending September 30	Principal	Interest
2018	\$ 195,000	\$ 297,194
2019	205,000	290,369
2020	210,000	282,169
2021	220,000	273,769
2022	230,000	264,969
2023-2027	1,310,000	1,157,394
2028-2032	1,685,000	786,174
2033-2036	1,715,000	253,287
Total	<u>\$ 5,770,000</u>	<u>\$ 3,605,325</u>

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property	Governmental Activities
Mobile equipment	\$ 848,254
Less: Accumulated depreciation	(200,138)
Leased Property Under Capital Lease	<u>\$ 648,116</u>

The following is a schedule by years of the total payments due as of September 30, 2017:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2018	\$ 153,138	\$ 9,110
2019	116,622	5,280
2020	101,167	1,500
Total	<u>\$ 370,927</u>	<u>\$ 15,890</u>

(10) Defined Benefit Pension Plan.

*General Information about the Pension Plan*

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

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

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

Contributions. At September 30, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$490,583, \$501,704 and \$499,899, 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, 2017, the County reported a liability of \$8,142,970 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017 net pension liability was .048985 percent, which was based on a measurement date of June 30, 2017. This was an decrease of .000644 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$1,059,421. At September 30, 2017, 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	\$ 119,289	\$ (59,418)
Net difference between projected and actual earnings on pension plan investments	126,139	-
Changes of assumptions	187,529	(14,058)
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-	(207,711)
County contributions subsequent to the measurement date	121,336	-
Total	<u>\$ 554,293</u>	<u>\$ (281,187)</u>

\$121,336 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2018	240,545
2019	71,775
2020	(3,257)
2021	<u>(157,293)</u>
Total	<u>151,770</u>

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, 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	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	<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.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 10,680,048	8,142,970	6,036,643

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2017, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity</u>
<b>A. General Obligation Bonds:</b>			
Series 2005 Industrial Bonds (Jack Post Property)	\$ 510,000	4.88-5.50%	02/2020
Series 2011 Special Obligation Bonds (Montfort Jones Memorial Hospital)	5,770,000	3.00-5.63%	05/2036
Taxable General Obligation Bonds Series 2015	4,695,000	3.00-4.75%	09/2035
Total General Obligation Bonds	<u>\$ 10,975,000</u>		
<b>B. Capital Leases</b>			
Caterpillar 12M Road Grader	\$ 38,998	2.79%	07/2018
Caterpillar 12M Road Grader	62,647	1.75%	07/2019
Western Star 4700 F	83,182	2.90%	01/2020
Western Star 4700 F	83,182	2.90%	01/2020
Western Star 4700 F	102,918	2.90%	01/2020
Total Capital Leases	<u>\$ 370,927</u>		

Year Ending September 30	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	535,000	519,129
2019	565,000	496,074
2020	585,000	470,634
2021	425,000	450,309
2022	440,000	434,890
2023-2027	2,490,000	1,878,675
2028-2032	3,155,000	1,216,381
2033-2037	2,780,000	303,856
Total	<u>10,975,000</u>	<u>5,769,948</u>

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

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, 2017, the amount of outstanding debt was equal to 5.71% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
General obligation bonds	11,495,000	-	520,000	10,975,000	535,000
Less:					
Discounts	(105,444)	-	(5,406)	(100,038)	(5,406)
Capital leases	185,080	311,918	126,071	370,927	153,138
Total	<u>11,574,636</u>	<u>311,918</u>	<u>640,665</u>	<u>11,245,889</u>	<u>682,732</u>

(12) Contingencies.

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

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(6,509,291) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$121,336 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, 2018. The \$432,957 balance of the deferred outflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The \$281,187 balance of the deferred inflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next four years.

The governmental activities' restricted for health and welfare net position amount of \$9,751,205 includes the effect of deferring the recognition of revenue resulting from capital leases receivable. The \$3,481,494 balance of deferred inflows of resources at September 30, 2017, will be recognized as revenue and will increase the unrestricted net position over the next 19 years.

(14) Joint Ventures.

The County participates in the following joint venture: Attala County is participant with the City of Kosciusko in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport, and it is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The County has contributed \$14,000 from the General Fund to the joint venture in fiscal year 2017. Financial statements are not available for the Attala County Airport Commission.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the following Counties: Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated \$532,382 for maintenance and support of the college in fiscal year 2017.

Mid-Mississippi Regional Library System operates in a district composed of the following Counties: Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The County appropriated \$289,948 for maintenance and support of the library in fiscal year 2017.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the following Counties: Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$50,000 for maintenance and support of the center in fiscal year 2017.

Central Mississippi Emergency Medical Services District operates in a district composed of the following Counties: Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The County did not provide any support for the district in fiscal year 2017.

North Central Planning and Development District operates in a district composed of the following Counties: Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints four of the 28 members of the board of directors. The County appropriated \$56,452 for support of the District in fiscal year 2017.

(16) Tax Abatements.

GASB No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

Attala County, Mississippi enters into property tax abatement agreements with local businesses under Miss. Code Ann. Sec. 27-31-53 (Free Port Warehouses). Under the Code the City has the authority in their discretion to exempt from property taxes all personal property in transit through this state which is (a) moving in interstate commerce through or over the territory of the State of Mississippi, (b) which was consigned or transferred to a licensed "free port warehouse," public or private, within the State of Mississippi for storage in transit to a final destination outside the State of Mississippi, whether specified when transportation begins or afterward, or (c) manufactured in the State of Mississippi and stored in separate facilities, structures, places or areas maintained by a manufacturer, licensed as a free port warehouse, for temporary storage or handling pending transit to a final destination outside the State of Mississippi, may, in the discretion of the board of supervisors of the county wherein the warehouse or storage facility is located, and in the discretion of the governing authorities of the municipality wherein the warehouse or storage facility is located, as the case may be, and for such period of time as the respective governing body may prescribe, be exempt from all ad valorem taxes imposed by the respective county or municipality and the property exempted therefrom shall not be deemed to have acquired a situs in the State of Mississippi for the purposes of such taxation. Such property shall not be deprived of exemption because while in a warehouse the property is bound, divided, broken in bulk, labeled, relabeled or repackaged. A detailed listing of the Free Port Warehouse property tax abatement agreements the city has entered into for the fiscal year ended September 30, 2017 is listed in the table below:

<u>Name</u>	<u>Assessed Value</u>		<u>Abatement</u>
<u>Free Port Warehouse Exemption</u>			
Attala Steel Industries	\$	1,846,015	\$ 96,233



**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Attala County evaluated the activity of the County through January 6, 2023, (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 financial statements:

- The Board of Supervisors approved the lowest bid of N.L. Carson Construction Co., Inc. in the amount of \$437,890 for State Aid Road Project LSBP-04(19) on May 21, 2018.
- The Board of Supervisors approved the lowest bid of N.L. Carson Construction Co., Inc. in the amount of \$1,447,200 for State Aid Road Project BR-0722(7)BO on May 20, 2019.
- The Board of Supervisors approved the lowest bid of Dickerson & Bowen in the amount of \$321,034 for State Project ERBR-97(18) on May 20, 2019.
- The Board of Supervisors approved the lowest bid of A.E. Bower Company in the amount of \$331,952 for State Aid Road Project LSBP-01(21) on September 3, 2019.
- Approved purchase of 3 pumper body fire trucks and two tanker body fire trucks at state contract price in the amount of \$1,225,431 on September 16, 2019.
- Approved purchase of a John Deere 6120E cab tractor from Mississippi Ag Company in the amount of \$65,295 at state contract price. The county financed \$52,236 of this purchase with a capital lease with Citizens' National Bank on July 6, 2020.
- The Board of Supervisors approved the lowest bid of Hemphill Construction Company, Inc. in the amount of \$499,944 for State Aid Road Project LSBP-04(22) on March 2, 2020.
- The Board of Supervisors approved the lowest bid of N.L. Carson Construction Co., Inc. in the amount of \$876,384 for State Project ERBR-04(2) on March 2, 2020.
- Approved purchase of a 2020 John Deere 310SL HL backhoe loader in the amount of \$106,527 from Stribling Equipment at state contract price on August 3, 2020.
- Approved purchase of a 2020 Alamo Machete 2 boom mower in the amount of \$68,268 from Mississippi Ag Company at state contract price on August 3, 2020.
- Approved purchase of a John Deere 6105E cab tractor in the amount of \$62,723 from Mississippi Ag Company at state contract price on August 3, 2020.
- Approved purchase of a John Deere backhoe from Thompson Machinery in the amount of \$254,419 at state contract price. The county financed \$200,000 of this purchase with a capital lease with Citizens' Bank of Philadelphia on January 22, 2021.
- Approved purchase of a motor grader from Thompson Machinery in the amount of \$239,987 at state contract price. The county financed \$200,000 of this purchase with a capital lease with Citizens' National Bank on March 24, 2021.
- The Board of Supervisors approved the lowest bid of T.L. Wallace Construction in the amount of \$2,286,851 for State Project ERBR-04(1) on January 6, 2021.
- Approved purchase of a 2021 John Deere backhoe 310SL HL from Stribling Equipment in the amount of \$99,918 at state contract price on January 19, 2021.
- Approved purchase of land and building at 1017 South Huntington Street, Kosciusko in the amount of \$135,000 for potential new fire department site on February 5, 2021.
- Approved purchase of a 2021 John Deere cab backhoe from Thompson Machinery in the amount of \$105,299 at state contract price on March 1, 2021.
- Approved low bid of Kenneth R Thompson Jr. Builder, Inc. in the amount of \$683,000 for the Attala County Courthouse construction project on April 5, 2021.
- Accepted low bid from Dixie Roofing in the amount of \$256,885 for replacing the roof on the Ability Works building on June 23, 2021.
- Approved purchase of a John Deere 6105E cab tractor from Sun South LLC in the amount of \$63,340 at state contract price. The county financed \$50,000 of this purchase with a capital lease with Citizens' National Bank on February 28, 2022.
- Approved purchase of a Hyundai HX140L Excavator from Mid South Machinery in the amount of \$131,009 at state contract price on April 4, 2022.

**ATTALA COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2017**

- Approved purchase of a 4 Rosenbauer Pumpers (fire trucks) from Goldy's Fire Apparatus in the amount of \$1,414,788 at state contract price on May 16, 2022.
- Approved purchase of a New Holland 4-wheel drive cab tractor from Windham Tractor and Implement in the amount of \$60,547 at state contract price on June 20, 2022.
- COVID 19 - Since the onset of the COVID-19 pandemic in March 2020, the County has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. Additionally, the County has had no ongoing projects that have been impacted by the pandemic. As of the date of the audit report, management declines to speculate on when a return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the County.

Subsequent to September 30, 2017 the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
07/06/2020	1.89%	\$52,236	Capital lease	Ad valorem taxes
01/22/2021	1.24%	\$200,000	Capital lease	Ad valorem taxes
03/24/2021	1.20%	\$200,000	Capital lease	Ad valorem taxes
02/28/2022	1.24%	\$50,220	Capital lease	Ad valorem taxes

**ATTALA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**ATTALA COUNTY**

**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)**

**General Fund**

**For the Year Ended September 30, 2017**

**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 4,856,339	5,105,015	5,105,015	-
In lieu taxes - Texas Gas	56,240	-	-	-
Road and bridge privilege taxes	-			-
Licenses, commissions and other revenue	267,300	282,309	282,309	-
Fines and forfeitures	191,450	201,773	201,773	-
Intergovernmental revenues	472,040	389,304	389,304	-
Charges for services	36,500	21,822	21,822	-
Interest income	16,700	17,508	17,508	-
Miscellaneous revenues	37,456	86,459	86,459	-
Total Revenues	<u>5,934,025</u>	<u>6,104,190</u>	<u>6,104,190</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	3,022,281	3,006,105	3,006,105	-
Public safety	1,926,496	2,147,894	2,147,894	-
Public works	185,452	143,628	143,628	-
Health and welfare	243,000	209,801	209,801	-
Culture and recreation	116,727	100,954	100,954	-
Conservation of natural resources	101,186	113,396	113,396	-
Economic development and assistance	127,452	131,139	131,139	-
Total Expenditures	<u>5,722,594</u>	<u>5,852,917</u>	<u>5,852,917</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>211,431</u>	<u>251,273</u>	<u>251,273</u>	<u>-</u>
Net Changes in Fund Balances	<u>211,431</u>	<u>251,273</u>	<u>251,273</u>	<u>-</u>
Fund Balances - Beginning	<u>6,514,323</u>	<u>6,514,323</u>	<u>6,514,323</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,725,754</u>	<u>6,765,596</u>	<u>6,765,596</u>	<u>-</u>

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

**ATTALA COUNTY****Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)****State Aid Road Fund****For the Year Ended September 30, 2017****UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ -	160,282	160,282	-
Total Revenues	-	160,282	160,282	-
EXPENDITURES:				
Current:				
Public works		124,364	124,364	-
Total Expenditures	-	124,364	124,364	-
Excess of Revenues over (under) Expenditures	-	35,918	35,918	-
OTHER FINANCING SOURCES (USES):				
Transfers out		(17,759)	(17,759)	-
Total Other Financing Sources and Uses	-	(17,759)	(17,759)	-
Net Changes in Fund Balances	-	18,159	18,159	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	18,159	18,159	-

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

**ATTALA COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.048985%	0.049629%	0.050841%
County's proportionate share of the net pension liability (asset)	\$ 8,142,970	8,864,979	7,859,016
County's covered payroll	\$ 3,142,428	3,174,871	3,176,248
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

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

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

**ATTALA COUNTY**  
**Schedule of County Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 490,583	501,704	499,899
Contributions in relation to the contractually required contribution	<u>490,583</u>	<u>501,704</u>	<u>499,899</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
County's covered payroll	\$ 3,114,813	3,185,420	3,173,962
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

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

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

**ATTALA COUNTY**  
**Notes to Required Supplementary Information**  
**For the Year Ended September 30, 2017**

A. Budgetary Information.

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

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made. The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – Montfort Jones Memorial Hospital Fund is not presented because this fund was not individually budgeted.

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>State Aid Road Fund</u>
Budget (Cash Basis)	\$ 251,273	18,159
Increase (Decrease)		
Net adjustments for revenue accruals	437,285	17,759
Net adjustments for expenditure accruals	(224,958)	(35,918)
GAAP Basis	<u>\$ 463,600</u>	<u>-</u>

D. Unbudgeted Funds

The following funds were not budgeted for the year ended September 30, 2017:

Special Revenue Funds:

Montfort Jones Memorial Hospital Fund

The unbudgeted fund is in violation of state law. However, the county has no liability associated with the violation.



**ATTALA COUNTY**  
**Notes to Required Supplementary Information**  
**For the Year Ended September 30, 2017**

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with scale BB to 2022.

Small adjustments were also made to the Mortality Table for disabled lives.

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

B. Changes in benefit provisions.

2016

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end).

**ATTALA COUNTY**  
**Notes to Required Supplementary Information**  
**For the Year Ended September 30, 2017**

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 method	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment Expense, including inflation

**ATTALA COUNTY**

**OTHER INFORMATION**

**ATTALA COUNTY**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2017**  
**UNAUDITED**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
ANDREA HUNT	DEPUTY TAX COLLECTOR	TRAVELERS	50,000
ANGELA SHAW	JUSTICE COURT CLERK	TRAVELERS	50,000
BETH WHEELLESS	ASSISTANT RECEIVING CLERK	TRAVELERS	50,000
BETTY JACKSON	DEPUTY CHANCERY CLERK	TRAVELERS	25,000
BETTY JACKSON	RECEIVING CLERK	TRAVELERS	75,000
BRENDA F WILLIAMS	TAX COLLECTOR-ASSESSOR OF ATTALA COUNTY	TRAVELERS	100,000
CHARLES FANCHER	SUPERVISOR - DISTRICT 2	TRAVELERS	100,000
CHERYL THOMPSON	DEPUTY CIRCUIT CLERK	TRAVELERS	50,000
DONNA M. MANGRUM	COURT CLERK	TRAVELERS	50,000
EDITH STEVENS	JUSTICE COURT DEPUTY CLERK	TRAVELERS	50,000
GERRY A. TAYLOR	CHANCERY CLERK	TRAVELERS	100,000
JESSE STEVEN GOSS	SUPERVISOR - DISTRICT 3	TRAVELERS	100,000
KARY ELLINGTON	SUPERVISOR - DISTRICT 4	TRAVELERS	100,000
KRISTIAN SHANE COOK	PURCHASE CLERK	TRAVELERS	75,000
LEE LEA FOWLER	DEPUTY CHANCERY CLERK	TRAVELERS	25,000
LINDA F. ADAMS	DEPUTY CHANCERY CLERK	TRAVELERS	25,000
LULA G THOMPSON	DEPUTY CIRCUIT CLERK	TRAVELERS	50,000
LULA G THOMPSON	PUBLIC OFFICIAL BOND - DEFINATE TERM	TRAVELERS	50,000
MURLLEAN HOGSETT	JUSTICE COURT CLERK	TRAVELERS	50,000
PATTI BIGGART	DEPUTY CLERK / TAX ASSESSOR	TRAVELERS	50,000
PENNY RUSSEL	DEPUTY CLERK / TAX ASSESSOR	TRAVELERS	25,000
REBECCA A. THRASHER	DEPUTY CLERK / TAX ASSESSOR	TRAVELERS	50,000
REGINA ROUNDTREE	DEPUTY CLERK / TAX ASSESSOR	TRAVELERS	50,000
REGINA ROUNDTREE	RECEIVING CLERK	TRAVELERS	75,000
ROBER TIMOTHY NAIL	ASST. RECEIVING CLERK	TRAVELERS	75,000
ROBERT DODD LINDSAY	SUPERVISOR - DISTRICT 1	TRAVELERS	100,000
ROBERT T. JORDAN	JUSTICE COURT JUDGE	TRAVELERS	50,000
ROSIE MASSEY SAMPLE	JUSTICE COURT JUDGE	TRAVELERS	50,000
SAMUEL M. BELL	CORONER	TRAVELERS	50,000
SHELIA L. ROCKETT	DEPUTY TAX COLLECTOR	TRAVELERS	50,000
SYLVIA LAWRENCE	SEC./DISPATCHER	TRAVELERS	50,000
TAMMY R. MILES	DEPUTY TAX COLLECTOR	TRAVELERS	50,000
TERRY RAY	CONSTABLE EAST	TRAVELERS	50,000
TIM PINKARD	SUPERVISOR - DISTRICT 5	TRAVELERS	100,000
TINA WHITE	DEPUTY CLERK / TAX ASSESSOR	TRAVELERS	50,000
WANDA FANCHER	CIRCUIT CLERK	TRAVELERS	100,000
WILLIE VON ROBY	CONSTABLE WEST	TRAVELERS	50,000

**ATTALA COUNTY**

**SPECIAL REPORTS**



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Stagers, CPA  
Michael W. McCully, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA

Stephen D. Flake, CPA  
John N. Russell, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

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

Members of the Board of Supervisors  
Attala County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 6, 2023.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as **2017-001** to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as **2017-002** and **2017-003** to be significant deficiencies.

**Compliance and Other Matters**

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

We noted certain matters that we reported to the management of Attala County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated January 6, 2023, included within this document.

### **Attala County's Responses to Findings**

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

### **Purpose of this Report**

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

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi

*Watkins Ward and Stafford, PLLC*

January 6, 2023



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Staggers, CPA  
Michael W. McCully, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA

Stephen D. Flake, CPA  
John N. Russell, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

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  
Attala County, Mississippi

We have examined Attala County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, 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, 2017. The Board of Supervisors of Attala County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed a certain immaterial instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response is disclosed below:

**Inventory Control Clerk**

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

**Repeat Finding** Yes

**Criteria** Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions and deletions.

**Condition** As reported in the prior five years' audit reports, the subsidiary records did not include all additions to capital assets. Purchases totaling \$80,544 were not recorded on the capital asset subsidiary records.



<b>Cause</b>	Failure to properly identify capital asset purchases and deletions through review of Board minutes, the general ledger and inquiry.
<b>Effect</b>	Failure to record and approve capital asset transactions could result in the loss or misappropriation of public assets.
<b>Recommendation</b>	The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records and ensure that disposals are approved by the Board of Supervisors.
<b>Views of Responsible Official(s)</b>	Capital asset transactions will be reviewed in the minutes and reconciled to the general ledger. Road and Bridge capital improvements will be verified by the State Aid engineer since the disbursement of those funds are done by the State of Mississippi.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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.

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

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

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi

*Watkins Ward and Stafford, PLLC*

January 6, 2023

ATTALA COUNTY

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2017

Schedule 1

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

ATTALA COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2017

Schedule 2

Our tests did not identify any emergency purchases.

ATTALA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2017

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



**WATKINS, WARD and STAFFORD**  
Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
William B. Staggers, CPA  
Michael W. McCully, CPA  
R. Steve Sinclair, CPA  
Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
Kimberly S. Caskey, CPA  
Susan M. Lummus, CPA

Stephen D. Flake, CPA  
John N. Russell, CPA  
Anita L. Goodrum, CPA  
Ricky D. Allen, CPA  
Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA  
Jerry L. Gammel, CPA  
Michael C. Knox, CPA  
Clifford P. Stewart, CPA  
Edward A. Maxwell, CPA

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

Members of the Board of Supervisors  
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi for the year ended September 30, 2017, we considered Attala County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Attala County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 6, 2023, on the financial statements of Attala County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, 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:

**Board of Supervisors.**

1. A budget should be prepared for all funds

**Repeat Finding** Yes

**Criteria** Section 19-11-11, Miss. Code Ann. (1972), requires the Board of Supervisors to prepare a budget for all funds, except Trust and Agency Funds.

**Condition** As reported in the prior two year's audit reports, during the course of the audit period and testwork, a budget was not prepared for the Montfort Jones Memorial Hospital Fund.

**Cause** Management oversight

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

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

**Views of Responsible Official(s)** That recommendation by the State Department of Audit has been discussed by the Board of Supervisors. In preparation of the county budget for 2019-2020, a budget for Montfort Jones will be prepared and approved for the fiscal year beginning Oct 1, 2019.

**Chancery Clerk.**

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

**Repeat Finding** No

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

**Condition** The county did not include two bank accounts associated with Montfort Jones Memorial Hospital that are now under the county's authority on the Public Depositories Annual Report required to be submitted to the Office of the State Treasurer.

**Cause** Management oversight

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

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

**Views of Responsible Official(s)**

The Chancery Clerk will insure that all bank accounts under the county's authority are listed on the Public Depositors Annual Report filed with the Office of the State Treasurer. This recommendation will go into effect beginning with September 30, 2022 fiscal year.

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

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

Watkins, Ward and Stafford, PLLC  
Louisville, Mississippi

*Watkins Ward and Stafford, PLLC*

January 6, 2023

## SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

***Financial Statements:***

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

Section 2: Financial Statement Findings

**Montfort Jones Memorial Hospital Board of Trustees.**

**Material Weakness**

**2017-001.**      Internal controls in various areas relating to Montfort Jones Memorial Hospital need to be implemented or strengthened.

**Repeat Finding**    Yes

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

**Condition**        The following deficiencies were noted in regards to the Montfort Jones Memorial Hospital Fund:

- a. Bank statements for the Hospital's cash accounts are not regularly reconciled.
- b. Financial activity such as receipts, disbursements, and investment activity is not accounted for in a formal general ledger system. Numerous small withdrawals from cash accounts were noted on bank statements with no supporting documentation or explanation as to purpose of the withdrawal.
- c. Accounts receivable collections are haphazardly documented and are not reconciled to an accounts receivable master listing.
- d. Explicit authority for the accounting and financial reporting functions has not been formally established.
- e. Financial activity is not actively monitored by the Hospital Board of Trustees.
- f. No formal operating budgets are prepared



<b>Cause</b>	The Board of Supervisors lacked the necessary internal controls over financial reporting and preparation of subsidiary records.
<b>Effect</b>	Failure to implement a system of internal controls could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	Bank statement reconciliations for all hospital cash accounts should be prepared at least monthly. Financial activity for the Hospital should be recorded in a formal general ledger system. An accounts receivable master detail listing should be prepared and maintained so that any future collections can be recorded as a reduction to each individual's accounts receivable balance owed. An individual or individuals should be formally appointed to have responsibility for the Hospital's accounting and financial reporting functions. The Board of Trustees should adopt an annual budget. Financial activity, budget to actual comparisons, and bank statement reconciliations should be periodically reviewed by the Board of Trustees.
<b>Views of Responsible Official(s)</b>	The Board of Supervisors will designate an individual and assign them the official responsibility for the accounting and financial reporting functions. An operating budget will be prepared and financial activity will be compared to the budget approved by Board of Trustees.
<b>Tax Assessor-Collector.</b>	
<b>Significant Deficiency</b>	
<b>2017-002.</b>	Bank statements were not reconciled.
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over tax collections should include the maintenance and reconciliation of records documenting daily collections.
<b>Condition</b>	As reported in the prior nine years' audit reports, the Tax Assessor-Collector was unable to reconcile her bank account to her cash journal. The September 30, 2017 cash reconciliation included an undocumented outstanding deposit of \$12,462 that did not clear in subsequent months. Also, at September 30, 2017, the cash journal showed a deficit balance of bad checks outstanding while the Tax Assessor-Collector's subsidiary records showed that there were numerous bad checks still in the process of trying to be collected. A reconciliation between the outstanding bad checks list and the amount shown in the cash journal was not being performed each month.
<b>Cause</b>	Design of controls.
<b>Effect</b>	Failure to reconcile the cash journal to the bank account and subsidiary records could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should ensure that accurate cash reconciliations are prepared each month. Any discrepancies that arise should be reviewed and corrected in the same month, which will prevent mistakes and errors from being carried forward. Additionally, a reconciliation between the outstanding bad checks list and the cash journal should be performed each month.
<b>Views of Responsible Official(s)</b>	We will comply.

**Circuit Clerk****Significant Deficiency**

**2017-003.** Separation of duties in the Circuit Clerk's office should be strengthened.

**Repeat Finding** Yes

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

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

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

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

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

**Views of Responsible Official(s)** We will comply with the recommendation as well as possible with a limited number of employees.