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CHOCTAW COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2018

CHOCTAW COUNTY

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CHOCTAW COUNTY

FINANCIAL SECTION



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GOVERNMENT AUDIT QUALITY CENTER

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Choctaw Regional Medical Center, which represents 92 percent, 87 percent, and 99 percent and Choctaw County Economic Development District which represents 8 percent, 13 percent, and 1 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Choctaw Regional Medical Center and Choctaw County Economic Development District, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*,

Issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However, the financial statements of Choctaw Regional Medical Center and Choctaw County Economic Development District, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, on our consideration of Choctaw County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Choctaw 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 Choctaw County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 27, 2025

CHOCTAW COUNTY

FINANCIAL STATEMENTS

CHOCTAW COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Component</u>
	<u>Activities</u>	<u>Units</u>
ASSETS		
Cash and investments	\$ 10,814,121	\$ 1,179,121
Unemployment reserve account		36,931
Restricted cash - note agreement		650,270
Restricted cash - patient funds held by facility		119,765
Property tax receivable	7,214,266	
Patient accounts receivable. (Net of estimated uncollectibles and allowances of \$1,708,722)		2,925,498
Accounts receivable. (Net of allowance for uncollectibles of \$553,784)	50,372	
Fines receivable. (Net of allowance for uncollectibles of \$563,790)	154,591	
Intergovernmental receivables	107,138	
Other receivables	78,152	455,588
Inventories of supplies and drugs		110,196
Prepaid expenses		35,162
Capital assets:		
Land and construction in progress	1,577,540	223,360
Other capital assets, net	32,862,090	14,887,166
Total Assets	<u>52,858,270</u>	<u>20,623,057</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	1,575,542	
Deferred outflows related to pensions	557,283	
Total Deferred Outflows of Resources	<u>2,132,825</u>	<u>-</u>

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

CHOCTAW COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

	Primary Government	
	Governmental	Component
	Activities	Units
LIABILITIES (continued)		
Claims payable	294,828	
Accounts payable		1,873,806
Amounts held in custody for others	13,694	
Accrued expense and payroll withholdings		666,298
Intergovernmental payables	69,755	
Patient accounts receivable credit balances		252,082
Accrued interest payable	26,374	78,491
Unearned revenue	29,985	
Estimated third-party payor settlements		535,500
Patient funds held by facility restricted for use		119,765
Long-term liabilities		
Due in one year:		
Capital debt	4,823,418	460,000
Capitalizable lease obligations, current maturities		45,221
Due in more than one year:		
Net pension liability	6,033,110	
Capital debt	5,942,886	3,285,000
Non-Capital debt	54,277	
Capitalizable lease obligations, net of current maturities		33,250
Total Liabilities	<u>17,288,327</u>	<u>7,349,413</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues property taxes	7,214,266	
Deferred inflows related to pensions	160,985	
Total Deferred Inflows of Resources	<u>7,375,251</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	25,248,868	11,287,055
Restricted:		
Expendable:		
General government	357,854	
Public safety	143,706	
Public works	2,694,786	
Health and welfare	178,745	
Economic development and assistance	160,123	
Debt service	2,263,015	650,270
Unrestricted	(719,580)	1,336,319
Total Net Position	<u>\$ 30,327,517</u>	<u>\$ 13,273,644</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	
Primary government:						
Governmental activities:						
General government	\$ 4,204,498	110,550	51,772		(4,042,176)	
Public safety	1,606,241	193,508	146,268		(1,266,465)	
Public works	3,390,735	638,036	907,641	676,232	(1,168,826)	
Health and welfare	494,527		24,543		(469,984)	
Culture and recreation	46,058				(46,058)	
Conservation of natural resources	68,107				(68,107)	
Economic development and assistance	75,000				(75,000)	
Interest on long-term debt	1,265,561				(1,265,561)	
Pension expense	968,790				(968,790)	
Total Governmental Activities	<u>12,119,517</u>	<u>942,094</u>	<u>1,130,224</u>	<u>676,232</u>	<u>(9,370,967)</u>	
Component Units:						
Choctaw County Medical Center	\$ 21,869,265	20,363,864		1,372,039		(133,362)
Choctaw County Economic Development District	283,970	240,000				(43,970)
Total Component Units	<u>\$ 22,153,235</u>	<u>20,603,864</u>	<u>-</u>	<u>1,372,039</u>		<u>(177,332)</u>
General revenues:						
Taxes:						
Property taxes					\$ 8,118,764	
Road & bridge privilege taxes					115,284	
Grants & contributions not restricted to specific programs					2,816,357	
Unrestricted Interest Income					46,611	2,457
Miscellaneous					376,787	
Total General Revenues					<u>11,473,803</u>	<u>2,457</u>
Changes in Net Position					<u>2,102,836</u>	<u>(174,875)</u>
Net Position - Beginning					<u>28,224,681</u>	<u>13,448,519</u>
Net Position - Ending					<u>\$ 30,327,517</u>	<u>13,273,644</u>

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

CHOCTAW COUNTY
Balance Sheet – Governmental Funds
September 30, 2018

Exhibit 3

	General Fund	Bond Repayment Fund	Bond Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 4,917,784	\$ 386,127	\$ -	\$ 3,612,664	\$ 8,916,575
Investments		7	1,897,539		1,897,546
Property tax receivable	4,381,076	1,338,835		1,494,355	7,214,266
Accounts receivable. (Net of allowance for uncollectibles of \$553,784)				50,372	50,372
Fines receivable. (Net of allowance for uncollectibles of \$563,790)	154,591				154,591
Intergovernmental receivables	55,430			51,708	107,138
Other receivables	17,355			60,797	78,152
Due from other funds		5,716		13,902	19,618
Total Assets	<u>9,526,236</u>	<u>1,730,685</u>	<u>1,897,539</u>	<u>5,283,798</u>	<u>18,438,258</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Claims payable	70,584			224,244	294,828
Intergovernmental payables	69,755				69,755
Due to other funds	19,618				19,618
Unearned revenue				29,985	29,985
Amounts held in custody for others	13,694				13,694
Total Liabilities	<u>173,651</u>	<u>-</u>	<u>-</u>	<u>254,229</u>	<u>427,880</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,381,076	1,338,835		1,494,355	7,214,266
Unavailable revenue - accounts receivable				50,372	50,372
Unavailable revenue - fines	154,591				154,591
Total Deferred Inflows of Resources	<u>4,535,667</u>	<u>1,338,835</u>	<u>-</u>	<u>1,544,727</u>	<u>7,419,229</u>
FUND BALANCES:					
Restricted for:					
General government				357,854	357,854
Public safety				143,706	143,706
Public works				2,644,414	2,644,414
Health and welfare				178,745	178,745
Economic development and assistance				160,123	160,123
Debt service		391,850	1,897,539		2,289,389
Unassigned	4,816,918				4,816,918
Total Fund Balances	<u>4,816,918</u>	<u>391,850</u>	<u>1,897,539</u>	<u>3,484,842</u>	<u>10,591,149</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,526,236</u>	<u>\$ 1,730,685</u>	<u>\$ 1,897,539</u>	<u>\$ 5,283,798</u>	<u>\$ 18,438,258</u>

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

CHOCTAW COUNTY**Exhibit 3-1****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018**

Total Fund Balance - Governmental Funds	\$	10,591,149
Amounts reported for governmental services 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 \$32,862,090.		34,439,630
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		204,963
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.		(10,820,581)
Pension obligations are not due and payable in the current period, and therefore are not reported in the funds.		(6,033,110)
Accrued interest payable is not due and payable in the current period, and therefore, is not reported in the funds.		(26,374)
Deferred amount on refunding		1,575,542
Deferred inflows related to pension obligations are applicable to future periods and, therefore are not reported in the governmental fund financial statements:		
Deferred inflows of resources related to pensions		(160,985)
Deferred outflows of resources related to pensions		557,283
Total Net Position - Governmental Activities	\$	<u>30,327,517</u>

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

CHOCTAW COUNTY**Exhibit 4****Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2018**

	General Fund	Bond Repayment Fund	Bond Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 5,097,043	\$ 1,424,626	\$ 15	\$ 1,597,080	\$ 8,118,764
Road and bridge privilege taxes				115,284	115,284
Licenses, commissions, and other revenue	74,141			722,438	796,579
Fines and forfeitures	60,717				60,717
Intergovernmental revenues	2,875,936	420		1,746,457	4,622,813
Charges for services	17,401			82,928	100,329
Interest income	15,892		30,648	71	46,611
Miscellaneous revenues	332,509			44,278	376,787
Total Revenues	<u>8,473,639</u>	<u>1,425,046</u>	<u>30,663</u>	<u>4,308,536</u>	<u>14,237,884</u>
EXPENDITURES					
Current:					
General government	4,314,569			6,502	4,321,071
Public safety	1,171,194			761,056	1,932,250
Public works	7,986			3,682,725	3,690,711
Health and welfare	123,625			370,902	494,527
Culture and recreation	46,058				46,058
Conservation of natural resources	67,219				67,219
Economic development and assistance	25,000			50,000	75,000
Debt Service:					
Principal	15,223	4,030,000		373,744	4,418,967
Interest	628	479,375		21,198	501,201
Total Expenditures	<u>5,771,502</u>	<u>4,509,375</u>	<u>-</u>	<u>5,266,127</u>	<u>15,547,004</u>
Excess of Revenues over (under) expenditures	<u>2,702,137</u>	<u>(3,084,329)</u>	<u>30,663</u>	<u>(957,591)</u>	<u>(1,309,120)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt (capital)				312,545	312,545
Transfers in	414,032	3,421,598		762,280	4,597,910
Transfers out	(4,183,698)		(180)	(414,032)	(4,597,910)
Total other financing sources and uses	<u>(3,769,666)</u>	<u>3,421,598</u>	<u>(180)</u>	<u>660,793</u>	<u>312,545</u>
Net Changes in Fund Balance	<u>(1,067,529)</u>	<u>337,269</u>	<u>30,483</u>	<u>(296,798)</u>	<u>(996,575)</u>
Fund Balance - Beginning	<u>5,884,447</u>	<u>54,581</u>	<u>1,867,056</u>	<u>3,781,640</u>	<u>11,587,724</u>
Fund Balances - Ending	<u>\$ 4,816,918</u>	<u>\$ 391,850</u>	<u>\$ 1,897,539</u>	<u>\$ 3,484,842</u>	<u>\$ 10,591,149</u>

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

CHOCTAW COUNTY**Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2018**

Net Changes in Fund Balances - Governmental Funds	\$ (996,575)
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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 \$1,226,492 exceeded depreciation of \$855,405.	371,087
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Fine revenue recognized on the modified accrual basis in the fund 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.	(20,720)
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Solid waste revenue recognized on the modified accrual basis in the fund 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.	5,189
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Position. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$4,418,967 exceeded debt proceeds of \$312,545.	4,106,422
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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	(968,790)
Recording of contributions made during the year	371,883

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. Thus the change in net assets differs from the change in fund balances by the following item:

Amortization of deferred amount on refunding bonds	(787,771)
Amortization of bond premium	9,962
Decrease in accrued interest payable	13,449
(Increase) in compensated absences payable	(1,300)
	(765,660)

Change in Net Position of Governmental Activities	\$ 2,102,836
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The notes to the financial statements are an integral part of this statement.

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

Exhibit 5

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 37,863
Total Assets	<u>37,863</u>
<u>LIABILITIES</u>	
Intergovernmental payables	<u>37,863</u>
Total Liabilities	<u>\$ 37,863</u>

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

CHOCTAW COUNTY

Combining Statement of Net Position - Discretely Presented Component Units
September 30, 2018

Exhibit 6

	Choctaw Regional Medical System	Choctaw County Economic Development District	Total
Assets			
Cash	\$ 786,102	\$ 393,019	\$ 1,179,121
Restricted Cash - patient funds held by facility	119,765		119,765
Patient accounts receivable, net of estimated uncollectibles and allowances of \$1,708,722	2,925,498		2,925,498
Other current receivables	455,588		455,588
Inventories of supplies and drugs	110,196		110,196
Prepaid expenses	35,162		35,162
Capital assets:			
Land and construction-in-progress		223,360	223,360
Buildings, net of accumulated depreciation of \$329,120		1,086,515	1,086,515
Property and equipment, net of depreciation and amortization of \$5,861,867	13,800,651		13,800,651
Other assets:			
Cash - restricted under note agreement	650,270		650,270
Unemployment reserve account	36,931		36,931
Total Assets	<u>18,920,163</u>	<u>1,702,894</u>	<u>20,623,057</u>
Liabilities			
Accounts payable	1,873,806		1,873,806
Patient accounts receivable credit balances	252,082		252,082
Accrued expenses and payroll withholdings	662,288	4,010	666,298
Accrued interest payable	78,491		78,491
Estimated third-party payor settlements	535,500		535,500
Patient funds held by facility restricted for use	119,765		119,765
Long-term liabilities			
Due within one year:			
Current portion of note payable	460,000		460,000
Current maturities of capitalized lease obligations	45,221		45,221
Due in more than one year:			
Note payment, net of current maturities	3,285,000		3,285,000
Capitalized lease obligations, net of current maturities	33,250		33,250
Total Liabilities	<u>7,345,403</u>	<u>4,010</u>	<u>7,349,413</u>
Net Position			
Net investment in capital assets	9,977,180	1,309,875	11,287,055
Restricted for:			
Per note agreement	650,270		650,270
Unrestricted	947,310	389,009	1,336,319
Total Net Position	<u>\$ 11,574,760</u>	<u>\$ 1,698,884</u>	<u>\$ 13,273,644</u>

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

CHOCTAW COUNTY**Exhibit 7**

Combining Statement of Revenues, Expenses, and Changes
in Net Position - Discretely Presented Component Units
September 30, 2018

	Choctaw Regional Medical System	Choctaw County Economic Development District	Total
Operating Revenues			
Net patient service revenue, net of provision for uncollectible accounts of \$3,328,110	\$ 19,440,384	\$	\$ 19,440,384
340B pharmacy program revenue, net of provision for uncollectible accounts of \$93,029	734,692		734,692
Fly ash sales		240,000	240,000
Other revenues	188,788		188,788
Total Operating Revenues	<u>20,363,864</u>	<u>240,000</u>	<u>20,603,864</u>
Operating Expenses			
Salaries and benefits	14,068,044		14,068,044
Salaries		73,465	73,465
Payroll taxes and benefits		30,022	30,022
Supplies and drugs	1,803,537		1,803,537
Accounting and audit		5,325	5,325
Contributions		85,528	85,528
Ecoplex		838	838
Depreciation and amortization	974,167	35,391	1,009,558
Insurance	217,790	3,310	221,100
Other expenses	4,591,046	91	4,591,137
Regional economic partnership		50,000	50,000
Total Operating Expenses	<u>21,654,584</u>	<u>283,970</u>	<u>21,938,554</u>
Operating Income (Loss)	<u>(1,290,720)</u>	<u>(43,970)</u>	<u>(1,334,690)</u>
Non-Operating Revenues (Expenses)			
Grant income	1,330,500		1,330,500
Capital contributions	41,539		41,539
Interest income (expense)	(214,681)	2,457	(212,224)
Total Non-Operating Revenues (Expenses)	<u>1,157,358</u>	<u>2,457</u>	<u>1,159,815</u>
Change in Net Position	<u>(133,362)</u>	<u>(41,513)</u>	<u>(174,875)</u>
Net Position - Beginning	11,708,122	1,740,397	13,448,519
Net Position - Ending	<u>\$ 11,574,760</u>	<u>\$ 1,698,884</u>	<u>\$ 13,273,644</u>

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity - Choctaw County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Choctaw County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

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

B. Individual Component Unit Disclosures

Discretely Presented Component Units – The component units' column in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize they are legally separate from the County. A majority of the members of the governing bodies of these component units are appointed by the Board of Supervisors.

Choctaw County Economic Development District (the District) was created by an act of the Mississippi Legislature in 1987. The District is composed of eleven (11) citizens of Choctaw County acting as trustees appointed by the Choctaw County Board of Supervisors. An executive director is employed by the District to oversee day-to-day operations and to bring economic development to Choctaw County. The District's office is located in Ackerman, Mississippi. The District has a fiscal year-end of March 31.

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

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

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues are 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, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

Governmental fund 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 are expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

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

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

Bond Reserve Fund – This fund is used to account for the accumulation of resources used toward the general obligation bonds of the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND 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 Associations.

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

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

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

H. Interfund Transactions and Balances – Transactions between funds that represent 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. 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 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 cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. 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.

J. 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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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 8 for additional details.

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

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

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

Unavailable revenue – accounts receivable – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until 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 8 for additional details.

K. 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.

L. 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. Bond premiums and discounts are deferred over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

M. 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 (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 the unrestricted classification could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

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

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

Restricted fund balance includes amount 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 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 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 or 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.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

N. 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.

O. 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.

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

NOTE 2 – DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County’s total deposits with financial institutions at September 30, 2018, was \$8,954,438, and the bank balance was \$9,093,569. 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).

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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 managing custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
G/S Treasury Obligations	Less than 1 year	\$ <u>1,897,546</u>	Not rated

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

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

NOTE 3 – INTERFUND TRANSACTIONS AND BALANCES.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Repayment Fund	General Fund	\$ 5,716
Other Governmental Funds	General Fund	<u>13,902</u>
Total		\$ <u>19,618</u>

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

B. Transfers In / Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 414,032
Bond Repayment Fund	General Fund	3,421,418
Bond Repayment Fund	Bond Reserve Fund	180
Other Governmental Funds	General Fund	<u>762,280</u>
		<u>\$ 4,597,910</u>

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

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES.

At September 30, 2018, intergovernmental receivables consisted of:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 47,346
Airport grant	4,677
Monthly state revenue obligations	54,856
Miscellaneous	<u>259</u>
Total Governmental Activities	<u>\$ 107,138</u>

NOTE 5 – CAPITAL ASSETS.

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Governmental Activities:

	Balance Oct. 1, 2017	Additions	Adjustments*	Balance Sept. 30, 2018
<u>Non Depreciable Capital Assets:</u>				
Land	\$ 163,963			163,963
Construction in Progress	680,512	733,065		1,413,577
 Total non depreciable capital assets	 844,475	 733,065	 -	 1,577,540
 <u>Depreciable Capital Assets:</u>				
Infrastructure	83,439,159			83,439,159
Buildings	2,313,865			2,313,865
Improvement other than buildings	1,121,190			1,121,190
Mobile equipment	7,153,373	452,354	117,164	7,722,891
Furniture and equipment	748,705	41,073		789,778
Leased property under capital lease	611,182		(117,164)	494,018
 Total depreciable capital assets	 95,387,474	 493,427	 -	 95,880,901
 <u>Less: Accumulated Depreciation for:</u>				
Infrastructure	54,605,631	271,745		54,877,376
Buildings	859,436	56,222		915,658
Improvement other than buildings	701,948	15,000		716,948
Mobile equipment	5,011,495	444,325	105,449	5,561,269
Furniture and equipment	656,634	20,576		677,210
Leased property under capital lease	328,262	47,537	(105,449)	270,350
 Total accumulated depreciation	 62,163,406	 855,405	 -	 63,018,811
 Total depreciable capital assets - net	 33,224,068	 (361,978)	 -	 32,862,090
 Governmental activities capital assets, net	 34,068,543	 371,087	 -	 34,439,630

*Adjustments were made to transfer completed construction in ADA parking and access improvements and transfer of paid out capital leases to their proper classification.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 67,718
Public safety	160,729
Public works	626,958
Total governmental activities depreciation expense	<u>\$ 855,405</u>

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bridge Project BR 10 12	Unknown	Unknown
Bridge Project LSBP 10 12	Unknown	Unknown
Bridge Project LSBP 10 13	Unknown	Unknown
State Aid Project SAP 10 51	Unknown	Unknown
SAP 10 52 Chester-Mills Road	Unknown	Unknown
Airport T Hanger Building	Unknown	Unknown
Airport Taxi Lanes	Unknown	Unknown
Airport Taxi Lanes	Unknown	Unknown

Component Units:

Choctaw County Economic Development District

The following is a summary of capital asset activity for the year ended March 31, 2018:

	Balance Apr. 1, 2017	Additions	Balance Mar. 31, 2018
<u>Non Depreciable Capital Assets:</u>			
Land	223,360		223,360
Total non depreciable capital assets	223,360	-	223,360
<u>Depreciable Capital Assets:</u>			
Buildings	1,415,635		1,415,635
Total depreciable capital assets	1,415,635	-	1,415,635
LESS: Accumulated depreciation - buildings	293,729	35,391	329,120
Total accumulated depreciation	293,729	35,391	329,120
Total depreciable capital assets - net	1,121,906	(35,391)	1,086,515
Capital assets, net	1,345,266	(35,391)	1,309,875

Choctaw County Medical Center

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

	Balance Oct. 1, 2017	Additions	Adjustments*	Balance Sept. 30, 2018
<u>Non Depreciable Capital Assets:</u>				
Construction in Progress	167,721	172,740	(340,461)	-
Total non depreciable capital assets	167,721	172,740	(340,461)	-
<u>Depreciable Capital Assets:</u>				
Land improvements	473,007			473,007
Buildings	15,911,390		46,146	15,957,536
Equipment:				
Under capital lease	326,823			326,823
Other	2,303,314	104,476	294,315	2,702,105
Vehicles	203,047			203,047
Total depreciable capital assets	19,217,581	104,476	340,461	19,662,518
LESS: Accumulated depreciation	4,887,700	974,167		5,861,867
Total accumulated depreciation	4,887,700	974,167	-	5,861,867
Total depreciable capital assets - net	14,329,881	(869,691)	340,461	13,800,651
Capital assets, net	14,497,602	(696,951)	-	13,800,651

* Adjustments are for transfers of completed construction in progress to appropriate classification(s).

NOTE 6 – CLAIMS AND JUDGMENTS.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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NOTE 7– CAPITAL LEASES.

As Lessee:

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 494,018
Less: Accumulated depreciation	270,350
Leased Property Under Capital Leases	<u>\$ 223,668</u>

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

Year Ending September 30:	Amount	
	Principal	Interest
2019	\$ 25,940	1,154
2020	6,128	221
2021	3,119	22
Total Minimum Payments Required	<u>\$ 35,187</u>	<u>1,397</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description. Choctaw County, Mississippi contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees’ Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity’s participation in PERS by the PERS’ Board of Trustees. If approved, membership for the entity’s 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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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 addition 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 eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017, and 2016 were \$371,883, \$351,652, and \$338,133 respectively, equal to the required contributions for each year.

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

At September 30, 2018, the County reported a liability of \$6,033,110 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2018, the County's proportion was 0.036272 percent, which was an increase of 0.002572 percent from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$968,790. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,196	\$ 23,629
Net difference between projected and actual earnings on pension plan investments		134,386
Changes of assumptions	3,307	2,970
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	438,817	
County contributions subsequent to the measurement date	90,963	
Total	<u>\$ 557,283</u>	<u>\$ 160,985</u>

\$90,963 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2019	\$ 255,785
2020	111,500
2021	(34,819)
2022	<u>(27,131)</u>
Total	<u>\$ 305,335</u>

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

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

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

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

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

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Asset Class	Target Allocation	Expected Real Rate of Return
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	100.00%	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 7,943,876	\$ 6,033,110	\$ 4,445,013

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

NOTE 9 – LONG TERM DEBT.

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
General Obligation Taxable Refunding Bonds, Series 2013*	\$ 9,915,000	3.50-4.50%	04/2020
Total General Obligation Bonds	<u>\$ 9,915,000</u>		
B. Other Loans:			
CAP Loan - Fire Truck Weir	\$ 2,253	2.00%	10/2018
CAP Loan - Fire Truck Union	114,263	3.00%	04/2024
International Fire Truck - French Camp	259,622	2.75%	11/2022
Mack Truck	27,137	1.89%	08/2020
2007 Mack Truck	26,893	1.89%	08/2020
2016 Dodge Ram	13,005	2.20%	04/2020
Equipment Loan	126,364	2.20%	06/2021
SW Western Star Truck	39,397	2.15%	12/2019
Cat Backhoe / Loader	24,898	2.20%	03/2020
2017 Ford Explorer	17,124	2.00%	11/2021
2017 Ford Explorer	31,038	3.15%	06/2023
2017 Ford Explorer (Silver)	24,535	1.99%	08/2022
Total Other Loans	<u>\$ 706,529</u>		
C. Capital Leases:			
2014 Ford XPO 4WD (White)	\$ 1,715	2.27%	12/2018
2013 Ford 250 EMA	492	2.27%	10/2018
Cat 12M Motor Grader	3,558	2.27%	10/2018
Caterpillar Motor Grader	14,191	2.27%	12/2018
2016 Ford F-250 Supercrew	15,231	2.39%	03/2021
Total Capital Leases	<u>\$ 35,187</u>		

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

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2019	\$ 4,605,000	248,506	192,478	12,067
2020	5,310,000	82,956	157,922	8,533
2021			100,499	6,125
2022			61,864	4,804
2023			181,005	741
2024			12,761	5
Total	\$ 9,915,000	331,462	706,529	32,275

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 3.61% of the latest property assessments.

Prior Year Defeasance of Debt – In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2018, \$10,630,000 of bonds outstanding were considered defeased.

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

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
Gvoernmental Activities:					
Compensated absences	\$ 52,977	1,300		54,277	
General obligation bonds	13,945,000		4,030,000	9,915,000	4,605,000
Add:					
Premiums	119,550		9,962	109,588	
Other loans	652,057	312,545	258,073	706,529	192,478
Capital leases	166,081		130,894	35,187	25,940
Total	\$ 14,935,665	313,845	4,428,929	10,820,581	4,823,418

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

Component Unit:

Choctaw County Medical Center:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. Note:			
Series 2014 Note - Bank of Kilmichael	\$ 3,745,000	5.00%	05/2025
Total Note	<u>\$ 3,745,000</u>		
B. Capital Leases:			
Various Capital Lease Obligations	<u>78,471</u>	5.1 - 10.0%	06/2020-12/2020
Total Capital Leases	<u>\$ 78,471</u>		

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

Year Ending September 30:	Notes		Capital Leases	
	Principal	Interest	Principal	Interest
2019	\$ 460,000	189,211	45,221	3,781
2020	485,000	165,970	29,417	1,179
2021	505,000	141,466	3,833	42
2022	535,000	115,952		
2023	560,000	88,922		
2024-2025	1,200,000	91,701		
Total	<u>\$ 3,745,000</u>	<u>793,222</u>	<u>78,471</u>	<u>5,002</u>

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

	Balance Oct. 1, 2017	Reductions	Balance Sept. 30, 2018	Amount due within one year
Note	4,185,000	440,000	3,745,000	460,000
Capital leases	130,407	51,936	78,471	45,221
Total	<u>\$ 4,315,407</u>	<u>491,936</u>	<u>3,823,471</u>	<u>505,221</u>

NOTE 10 – NET PATIENT SERVICE REVENUE.

Component Unit:

Choctaw County Medical Center:

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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

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

Approximately 65 percent and 67 percent of net patient service fees are from participation in the Medicare and Medicaid programs for the years ended September 30, 2018 and 2017, respectively.

The facility also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Facility under these agreements includes prospectively determined rates and discounts from established changes.

Net patient service revenue consisted of the following for the years ended September 30:

	2018	2017
Gross patient service revenue	\$ 33,764,730	\$ 32,493,102
Provision for contractual and other adjustments	(10,996,236)	(8,996,997)
Provision for bad debts	(3,328,110)	(3,770,188)
	<u>\$ 19,440,384</u>	<u>\$ 19,725,917</u>

NOTE 11 – 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 statement.

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 12 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The unrestricted net position amount of (\$719,580) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$90,963 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$466,320 balance of deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next three years. The \$160,985 balance of deferred inflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$25,248,868 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. \$1,575,542 of the \$2,132,825 balance of deferred outflows of resources at September 30, 2018 will be recognized as an expense and will decrease the net investment in capital assets net position over the next two (2) years.

NOTE 13 – JOINT VENTURES.

The County participates in the following joint venture:

Choctaw County is a participant with the Counties of Clay, Lowndes, Noxubee, Oktibbeha and Webster and the Cities of Ackerman, Columbus, Eupora, Macon, Starkville and West Point in a joint venture authorized by Section 17-17-307, Miss. Code Ann (1972), to operate the Golden Triangle Regional Solid Waste Authority. The joint venture was created to provide a regional disposal site for solid waste on behalf of the Solid Waste Management Authority. The Choctaw County Board of Supervisors appoints one of the 14 members of the board of directors. Choctaw County did not appropriate any funds to the organization in fiscal year 2018. Complete financial statements for the Golden Triangle Regional Solid Waste Authority can be obtained from Golden Triangle Planning and Development District, P. O. Box 828, Starkville, Mississippi 39760-0828.

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Choctaw County Board of Supervisors appoints two of the 22 members of the board of trustees. The county appropriated \$401,430 for maintenance and support of the college in fiscal year 2018.

Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints four of the 28 members of the board of directors. The county appropriated \$25,000 for support in fiscal year 2018.

Mississippi Regional Housing Authority IV operates in a district comprised of the Counties of Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Choctaw County Board of

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Supervisors appoints one of the nine board members. The county generally provides no financial support to the organization.

Community Counseling Services operates in a district comprised of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the seven members of the board of directors. The county appropriated \$24,000 for support of the agency in fiscal year 2018.

Prairie Opportunity, Inc. operates in a district comprised of the Counties of Choctaw, Clay, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the 21 members of the board of directors. Most of the funding for the district is derived from federal funds. The county provides a modest amount of financial support when matching funds are required for federal grants.

NOTE 15 – TAX ABATEMENTS.

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

The Choctaw County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with three entities as of September 30, 2018.

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

Additions to or expansions of facilities or properties or replacement of equipment.

One company has abatements under this statute.

<u>Category</u>	<u>% of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Economic development project	39.20%	\$ 42,604

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE 16 – SUBSEQUENT EVENTS.

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Choctaw County evaluated the activity of the County through January 27, 2025, (the date the financial statements were available to be issued), and determined that the following subsequent event occurred requiring disclosure in the notes to the financial statements.

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
01/2019	2.59%	\$ 320,020	other loans	ad valorem revenue
03/2019	2.65%	1,300,030	other loans	ad valorem revenue
03/2019	2.75%	200,030	other loans	ad valorem revenue
04/2020	2.65%	30,020	other loans	ad valorem revenue
10/2021	1.75%	75,030	other loans	ad valorem revenue
04/2022	2.70%	43,999	other loans	ad valorem revenue
05/2022	2.90%	47,319	other loans	ad valorem revenue
05/2022	2.65%	57,030	other loans	ad valorem revenue
06/2022	2.70%	22,500	other loans	ad valorem revenue
10/2022	4.10%	151,822	other loans	ad valorem revenue
11/2022	4.40%	225,000	other loans	ad valorem revenue
11/2022	4.40%	225,000	other loans	ad valorem revenue
05/2024	5.75%	133,869	other loans	ad valorem revenue
05/2024	5.75%	102,830	other loans	ad valorem revenue
05/2024	5.75%	50,030	other loans	ad valorem revenue
05/2024	5.75%	51,595	other loans	ad valorem revenue
05/2024	5.75%	220,030	other loans	ad valorem revenue

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

COVID emergency declared March 16, 2020.

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

CHOCTAW COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,654,399	5,098,038	5,098,038	-
Licenses, commissions and other revenue	50,370	63,257	63,257	-
Fines and forfeitures	53,000	63,085	63,085	-
Intergovernmental revenues	253,700	3,333,134	3,333,134	-
Charges for services	2,000	13,364	13,364	-
Interest income	5,000	15,892	15,892	-
Miscellaneous revenues	2,793,772	331,201	331,201	-
Total Revenues	<u>7,812,241</u>	<u>8,917,971</u>	<u>8,917,971</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,205,653	4,374,833	4,374,533	300
Public safety	1,428,990	1,211,371	1,211,371	-
Public works	10,920	7,979	7,979	-
Health and welfare	1,117,416	114,416	114,416	-
Culture and recreation	42,800	46,058	46,058	-
Conservation of natural resources	83,218	67,947	67,947	-
Economic development and assistance	25,000	25,000	25,000	-
Debt service	6,885	15,851	15,851	-
Total Expenditures	<u>4,920,882</u>	<u>5,863,455</u>	<u>5,863,155</u>	<u>300</u>
Excess of Revenues over (under) Expenditures	<u>2,891,359</u>	<u>3,054,516</u>	<u>3,054,816</u>	<u>300</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	211,047	2,014,823	2,014,823	-
Other financing (uses)	(2,061,907)	(5,783,649)	(5,783,649)	-
Total Other Financing Sources and Uses	<u>(1,850,860)</u>	<u>(3,768,826)</u>	<u>(3,768,826)</u>	<u>-</u>
Net Change in Fund Balance	1,040,499	(714,310)	(714,010)	300
Fund Balances - Beginning	<u>4,118,217</u>	<u>6,579,823</u>	<u>6,575,823</u>	<u>(4,000)</u>
Fund Balances - Ending	<u>\$ 5,158,716</u>	<u>5,865,513</u>	<u>5,861,813</u>	<u>(3,700)</u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset)	\$ 6,033,110	5,602,083	5,773,517	4,830,634	3,574,205
County's proportion of the net pension liability (asset)	0.036272%	0.033700%	0.032322%	0.031250%	0.029446%
County's covered payroll	\$ 2,330,764	2,206,546	2,067,721	1,977,137	1,765,486
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	258.85%	253.88%	279.22%	244.32%	202.45%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 371,883	351,652	338,133	311,399	278,064
Contributions in relation to the contractually required contribution	<u>371,883</u>	<u>351,652</u>	<u>338,133</u>	<u>311,399</u>	<u>278,064</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County covered payroll	\$ 2,361,162	2,232,708	2,146,876	1,977,137	1,765,486
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

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

Budgetary Comparison Schedule

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

	General Fund
Budget (Cash Basis)	\$ (714,010)
Increase (Decrease)	
Net adjustments for revenue accruals	(2,045,123)
Net adjustments for expenditure accruals	1,691,604
	<hr/>
GAAP Basis	\$ (1,067,529)

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

Pension Schedules

A. Changes in Benefit Provisions.

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

B. 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 Health 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 and anticipated experience.

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

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

CHOCTAW COUNTY

SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY

Reconciliation of Operating Cost of Solid Waste

For the Year Ended September 20, 2018

Operating Expenditures, Cash Basis

Salaries	\$	303,710
Insurance		500
Supplies		78,613
Solid waste pickup and disposal fees		157,901
Petroleum Products		78,789
Repairs		21,655
Solid Waste Operating Expenditures, Cash Basis	\$	<u>641,168</u>

Full Cost Expenses

Indirect administrative cost	\$	9,465
Depreciation on equipment		64,188
Net effect of other accrued expenses		<u>(11,386)</u>

Solid Waste Full Cost Operating Expenditures	\$	<u><u>703,435</u></u>
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CHOCTAW COUNTY

OTHER INFORMATION

CHOCTAW COUNTY
Schedule of Surety Bonds for County Officials
September 30, 2018
“Unaudited”

Name	Position	Company	Bond	
Joey Stephenson	Supervision District 1	Travelers Casualty & Surety Co.	\$	100,000
Greg Fondren	Supervision District 2	Travelers Casualty & Surety Co.	\$	100,000
Chris McIntyre	Supervision District 3	Travelers Casualty & Surety Co.	\$	100,000
John Shumaker	Supervision District 4	Travelers Casualty & Surety Co.	\$	100,000
Eric Chambers	Supervision District 5	Travelers Casualty & Surety Co.	\$	100,000
Steve Montgomery	Chancery Clerk	Travelers Casualty & Surety Co.	\$	100,000
Amy Burdine	Circuit Clerk	Travelers Casualty & Surety Co.	\$	100,000
Lynda Miles	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$	50,000
Steve Montgomery	Purchase Clerk	Travelers Casualty & Surety Co.	\$	75,000
Brent McKnight	Receiving Clerk	Travelers Casualty & Surety Co.	\$	75,000
Billie M. Pyron	Inventory Control Clerk	Travelers Casualty & Surety Co.	\$	75,000
Chris Coleman	Constable	Travelers Casualty & Surety Co.	\$	50,000
Thomas Rayburn	Constable	Travelers Casualty & Surety Co.	\$	50,000
Cloyd Halferd	Sheriff	Travelers Casualty & Surety Co.	\$	100,000
Sharon Dendy	Justice Court Judge	Travelers Casualty & Surety Co.	\$	50,000
William Stephenson	Justice Court Judge	Travelers Casualty & Surety Co.	\$	50,000
Teresa Weeks	Justice Court Clerk	Travelers Casualty & Surety Co.	\$	50,000
Heather Wood	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	\$	50,000
Sharon Kay Dendy	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	\$	50,000
Lori Power Kerr	Tax Assessor/Collector	Travelers Casualty & Surety Co.	\$	100,000
Lisa Algood	Deputy Tax Collector	Travelers Casualty & Surety Co.	\$	50,000
Tanya Miller	Deputy Tax Collector	Travelers Casualty & Surety Co.	\$	50,000
Sedgie D. Taylor	Deputy Tax Collector	Travelers Casualty & Surety Co.	\$	50,000
Dianne L. Ray	Deputy Tax Collector	Travelers Casualty & Surety Co.	\$	50,000
Joseph Long	Deputy Tax Assessor	Travelers Casualty & Surety Co.	\$	10,000
Angela Williams	Coroner	Travelers Casualty & Surety Co.	\$	50,000

CHOCTAW COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Choctaw County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of Choctaw County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2025. Our report includes a reference to other auditors who audited the financial statements of Choctaw County Medical Center and Choctaw County Economic Development District, as described in our report on the Choctaw County, Mississippi's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Choctaw County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Choctaw 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 27, 2025, included within this document.

Purpose of this Report

This 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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 27, 2025



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

Members of the Board of Supervisors
Choctaw County, Mississippi

We have examined Choctaw County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Choctaw County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed an 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.

Purchase Clerk

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

Repeat Finding Yes; #1 FY2017

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

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

- Fourteen (14) instances where no purchasing documentation was provided
- One instance where no purchasing documentation beyond an unsigned invoice was provided for a purchase greater than \$1,500
- Eight (8) instances where no competitive bid or second quote was provided for an expenditure of greater than \$5,000
- One (1) instance where no evidence of advertisement and competitive bids was provided for an expenditure of greater than \$50,000

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

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

Recommendation The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.

Response We concur.

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

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 27, 2025

CHOCTAW COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2018

Schedule 1

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

CHOCTAW COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

Our test results did not identify any emergency purchases.

CHOCTAW COUNTY

Schedule 3

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2018**

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

In planning and performing our audit of the financial statements of Choctaw County, Mississippi for the year ended September 30, 2018, we considered Choctaw County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Choctaw County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 27, 2025, on the financial statements of Choctaw County, Mississippi.

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

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

Board of Supervisors

1. All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.

Repeat Finding Yes; 2017-1

Criteria *Section 65-7-117, Mississippi Code Annotated (1972)*, states that, “[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]

Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years.”

Condition During the course of our testing we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits from the supervisors were filed to document that they had examined the roads and bridges annually.

Cause Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done.

Effect Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner.

Recommendation The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and file an affidavit with the Clerk of the Board for inclusion in the minutes.

Response We concur.

2. Public Officials Should Ensure Compliance with State Law over the Quarterly Appropriation of the Sheriff’s, Tax Assessor’s, and Tax Collector’s Budgets.

Repeat Finding Yes; 2017-2

Criteria *Section 19-25-13, Mississippi Code Annotated (1972)*, states, “The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, appropriate a lump sum for the sheriff for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (¼) of the amount approved in the annual budget unless the sheriff requests a different amount. Except in case of emergency, as provided in

the county budget law, the appropriation for the quarter beginning in October of the last year of the sheriff's term shall not exceed one-fourth (¼) of the annual budget."

Section 27-1-9(c), Mississippi Code Annotated (1972), states, "The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1, and July 1, appropriate a lump sum for the assessor and tax collector for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (¼) of the amount approved in the annual budget unless the assessor and tax collector requests a different amount. Except in case of emergency, as provided in the county budget law, the appropriation for the quarter beginning in October of the last year of the assessor and tax collector's term shall not exceed one-fourth (¼) of the annual budget."

Condition	During the course of the audit, we were unable to obtain evidence that the budgets for the sheriff, tax assessor, and tax collector were appropriated on a quarterly basis.
Cause	Public officials failed to appropriate the budgets of the sheriff, tax assessor, and tax collector on a quarterly basis and approve the actions on the minutes.
Effect	Failure to appropriate the budgets of the sheriff, tax assessor, and tax collector results in noncompliance with State law and could result in the loss of misappropriation of public funds.
Recommendation	The Board of Supervisors should ensure that the budgets for the sheriff, tax assessor, and tax collector are appropriated on a quarterly basis in accordance with State law.
Response	We concur.

3. Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

Repeat Finding Yes; 2017-3

Criteria *Section 25-1-15, Mississippi Code Annotated (1972)*, states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."

Condition	During the course of our testing we noted the following instances of non-compliance: <ul style="list-style-type: none"> • The Receiving Clerk was bonded with an indefinite bond • Two (2) Deputy Tax Collectors were bonded with an indefinite bond • One (1) Deputy Tax Assessor was bonded with an indefinite bond
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	<ul style="list-style-type: none"> • One (1) Deputy Tax Assessor was not bonded for the period • The Inventory Clerk was bonded with an indefinite bond • One (1) Deputy Circuit Clerk was bonded with an indefinite bond • One (1) Deputy Justice Court Clerk was bonded with an indefinite bond
Cause	Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.
Effect	Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.
Recommendation	We recommend the Board of Supervisors implement procedures to ensure that County officials' and employees' bonds meet the requirements of State Laws.
Response	We are now in compliance.
4.	<u>Public Officials Should Ensure Compliance with State Law over Office Hours.</u>
Repeat Finding	Yes; 2017-4
Criteria	<p><i>Section 25-1-99, Mississippi Code Annotated (1972)</i>, states that, "The offices of all circuit and chancery clerks and sheriffs shall be open for business on all business days from 8:00 a.m. to 5:00 p.m., except that within the discretion of the board of supervisors of said county, the above county offices may be closed at 12:00 noon one (1) business day of each week, or may be closed all day Saturday of each week, or may be closed at 12:00 noon on Saturday and at 12:00 noon on one (1) additional business day of each week. Such courthouse hours decided upon within the discretion of the board of supervisors must be duly entered at large on the minutes of said board, and such action by the board shall be published in a newspaper having general circulation in the county once each week for four (4) consecutive weeks."</p> <p><i>Section 27-1-25, Mississippi Code Annotated (1972)</i>, states that, "The county assessor shall devote his entire time to the duties of his office. The office of the assessor shall be open for business at all such times as other county offices within the county are required, pursuant to <i>Section 25-1-99, Mississippi Code of 1972</i>, to be open for business and, except when necessarily absent on official business, the assessor, or his deputy, shall remain in the assessor's office during the time the office is open for business."</p>
Condition	During the course of our audit, we noted that the individual offices within the courthouse are closed and locked daily from 12:00 PM to 1:00 PM.

Cause	The County is not in compliance with the applicable statutes concerning office hours.
Effect	Failure to remain open from 8:00 AM to 5:00 PM Monday-Friday could result in the loss of public funds due to citizens not being able to make payments. This also reduces transparency, as public records are not available for review.
Recommendation	We recommend that the various offices in the courthouse be kept open for business from 8:00 AM to 5:00 PM Monday through Friday as required by State law.
Response	We are now in compliance.
5.	<u>Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.</u>
Repeat Finding	Yes; 2017-5
Criteria	<p><i>Section 25-11-127, Mississippi Code Annotated (1972)</i>, states, “No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....</p> <p>4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:</p> <p>(a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or</p> <p>(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree’s average compensation.</p> <p>To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent</p>

number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. *[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]*

(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:

(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or

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

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

Condition

During the course of our audit, we noted the following:

- The PERS Form 4B was incorrectly executed for two of the three retirees tested

Cause

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

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

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

Response We concur.

6. Employee File Documentation.

Repeat Finding Yes; 2017-6

Criteria The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.

Condition During the course of our test work, auditors were unable to gain access to the personnel files in order to complete testing.

Cause The employee files were not made available to auditors.

Effect Auditors were unable to complete the testing of the system of internal control pertaining to the documentation in employee files.

Recommendation The County should maintain a complete employee file system that would ensure that the County is in compliance with State and Federal employee documentation laws as well as make those records available to auditors during audit test work.

Response We concur.

7. Public Officials should ensure compliance with audit requests.

Repeat Finding Yes; 2017-7

Criteria *Section 7-7-211, Mississippi Code Annotated (1972), states, "The [audit] department shall have the power and it shall be its duty...(e) To post audit and, when deemed necessary, preaudit and investigate separately the financial affairs of (i) the offices, boards and commissions of county governments and any departments and institutions thereof and therein... (k) The State Auditor shall have the authority to contract with qualified public accounting firms to perform selected audits required in paragraphs (d), (e), (f) and (j) of this section...."*

Condition During the course of the audit, auditors were unable to obtain completed related party questionnaires from four (4) of the five (5) supervisors.

Cause Certain member of the Board of Supervisors did not comply with auditor's requests for information and/or documentation.

Effect	Failure to respond, or substantial delays in responding, to auditors' requests can result in audit delays and an inability to timely issue the report.
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Recommendation	The Board of Supervisors should ensure timely and completely responses to audit requests.
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Response	We concur.
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8. Solid Waste Department has Insufficient Separation of Duties in the Collection, Deposit, Recording, Settling, and Reconciling Functions.

Repeat Finding	Yes; 2017-8
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Criteria	An effective system of internal control should include an adequate segregation of duties in the collection, deposit, recording, settling, and reconciling functions.
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Condition	During the course of our audit, we noted that the same individual collects money, reviews the collections for the day, prepares the deposit, takes the deposit, settles the account, and reconciles the account.
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Cause	The Solid Waste Department has not established a system of internal control with adequate separation of duties concerning the collection, deposit, recording, settling, and reconciling.
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Effect	Failure to properly separate the accounting duties could result in the misappropriation of public funds.
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Recommendation	The Solid Waste Department should ensure that there is an adequate separation of duties in the collection, deposit, recording, settling, and reconciling functions within the office.
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Response	We concur.
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Circuit Clerk

9. The Circuit Clerk Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.

Repeat Finding	Yes; 2017-9
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Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972)</i> , states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."
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Condition	During the course of our test work, we found that deposits were not made in a timely manner with fifteen (15) exceptions noted out of twenty (20) items tested.
Cause	Delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Circuit Clerk's Office.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts and settlement of funds to the County.
Recommendation	The Circuit Clerk should ensure that the deposits are being made in a timely manner as prescribed by statute.
Response	We concur.

Chancery Clerk

10. The Clerk of the Board should ensure publication of the synopsis of the county audit report.

Repeat Finding Yes; 2017-10

Criteria *Section 7-7-221, Mississippi Code Annotated (1972), states that, "as soon as possible after an annual audit of the fiscal and financial affairs of a county...has been made and a copy of such report of audit or examination has been filed with the board of supervisors of such county and the clerk thereof, as required in Section 7-7-215, the clerk of the board of supervisors shall publish a synopsis of such report in a form prescribed by the State Auditor.... (4) The clerk shall forward a copy of the published synopsis to the State Auditor within sixty (60) days of its publication."*

Condition	During the course of our audit, we noted that the synopsis of the prior year audit report had not been published.
Cause	The Clerk of the Board did not ensure that the synopsis of the prior year audit was published.
Effect	Failure to publish a synopsis of the audit report results in noncompliance with state statutes as well as a lack of transparency with regard to the audit report and notification to the public.
Recommendation	The Clerk of the Board should ensure that the synopsis is published in the proper format, as prescribed by statute and the Office of the State Auditor.
Response	We concur.

11. The Chancery Clerk Should Ensure Compliance with State Law over Expenses Claimed.

Repeat Finding Yes; 2017-11

Criteria *Section 9-1-43(1), Mississippi Code Annotated (1972), further states, “(1) After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees’ Retirement System under Sections 25-11-106.1 and 25-11-123(f)(4), employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk’s or circuit clerk’s services in excess of Ninety Thousand Dollars (\$90,000.00).”*

Condition The Clerk did not maintain proper supporting documentation to support all expenses claimed.

Auditors were unable to obtain supporting documentation for salaries totaling \$870.

Cause The Clerk did not maintain the necessary documentation to support that all expenses claimed were Schedule C deductions.

Effect Failure to maintain all necessary supporting documentation for expenses and claiming expenses that are not allowable could result in the loss or misappropriation of public funds.

Recommendation The Clerk should maintain support for all expenses claimed on the AFR.

Response We concur.

Sheriff

12. The Sheriff Should Ensure Compliance with State Laws over the Presentation of Meal Logs to the Board of Supervisors.

Repeat Finding Yes; 2017-13

Criteria *Section 19-25-74, Mississippi Code Annotated (1972), states, “The sheriff shall maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted by the tenth calendar day of each month for the period spanning the preceding month, which shall record the number of meals served to prisoners on each day, and shall make affidavit as to the correctness thereof and file the same monthly with the board of supervisors. Such log shall remain on file with the board of supervisors as other records of said board and shall be made available to the State Department of Audit upon request.*

No claims for the cost or expenses of feeding prisoners shall be approved by the board of supervisors for any month unless and until such log for that month is filed.”

Condition	During the course of our test work, we noted that the meal logs were not being presented to the Board yet claims to vendors were being paid.
Cause	The Sheriff did not present the meal logs to the Board of Supervisors.
Effect	Failure to properly maintain and present the meal logs could result in the misappropriation of public funds.
Recommendation	The Sheriff should present the meal logs to the Board of Supervisors for review monthly prior to payment of any claims for meal expenses. The logs should also be maintained on hand for audit purposes.
Response	We concur.

13. The Sheriff should Ensure that the Cost of Feeding Inmates does not Exceed the Statutorily Authorized Amount

Repeat Finding	YES; 2017-14
Criteria	<i>§19-25-73(1)(b), Mississippi Code Annotated (1972)</i> , provides that, “The sheriff shall purchase, in the name of the county, all necessary food and related supplies to be used for feeding prisoners only in the county jail... The total expenditure for such purpose under this method shall not exceed an amount equal to Six Dollars (\$6.00) per day per prisoner....”
Condition	During the course of our testing, we noted that the cost to feed prisoners was \$9.99 per prisoner per day, which exceeds the statutory amount.
Cause	This is due to inadequate controls over the cost of food procurement and preparation.
Effect	Inadequate controls surrounding purchasing and preparing food could result in theft of assets and improper expenditure of public funds.
Recommendation	The Sheriff should make the necessary changes in food procurement and preparation in order to comply with the statutory limit.
Response	We concur.

Justice Court Clerk

14.	<u>The Justice Court Clerk's Office has Insufficient Separation of Duties in the Collection, Deposit, Recording, Settling, and Reconciling Functions.</u>
Repeat Finding	Yes; 2017-15
Criteria	An effective system of internal control should include an adequate segregation of duties in the collection, deposit, recording, settling, and reconciling functions.
Condition	During the course of our audit, we noted that the same individual collects money, reviews the collections for the day, prepares the deposit, takes the deposit, settles the account, and reconciles the account.
Cause	The Justice Court Clerk has not established a system of internal control with adequate separation of duties concerning the collection, deposit, recording, settling, and reconciling.
Effect	Failure to properly separate the accounting duties could result in the misappropriation of public funds.
Recommendation	The Justice Court Clerk should ensure that there is an adequate separation of duties in the collection, deposit, recording, settling, and reconciling functions within the office.
Response	We concur.
15.	<u>Public Officials should strengthen internal controls over bank reconciliations of the Justice Court accounts.</u>
Repeat Finding	Yes; 2017-16
Criteria	An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	<p>During the course of our cash count, we noted an unidentified overage of \$3,822.50.</p> <p>Auditors noted that criminal/civil account had an unexplained difference of \$6,353.82.</p> <p>Auditors were further unable to locate a bank reconciliation for the Justice Court Clearing account.</p>
Cause	The system of internal control failed to ensure that a timely and accurate bank reconciliation was performed for the Justice Court accounts.
Effect	Failure to complete accurate and timely bank reconciliations results in a weakness in the system of internal control over cash.

Recommendation The Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately.

Response We concur.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

January 27, 2025

CHOCTAW COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None reported |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.